Daily Report

Latin America

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Cuba

U.S. Supreme Court Rules 'in Favor of Racism'

FL0407194195 Havana Radio Reloj Network in Spanish 1930 GMT 3 Jul 95

[FBIS Translated Text] Three decades of antiracism efforts have been expunged in a single blow by conservative U.S. Supreme Court justices, who have made important rulings against racial segregation laws passed in the 60's. The elitist judges pronounced that voters districting by ethnic criteria is unconstitutional and they have limited the authority of the courts to stop discrimination in schools. Some analysts believe that the Supreme Court decisions in favor of racism add to other pressures by Republicans to undermine President Clinton's his chances of reelection in 1996.

Racism is again winning ground in the United States, more than 30 years after the civil rights battles fought by Martin Luther King.

Mexico's PAN President Meets With Robaina

PA0407211095 Havana PRENSA LATINA in Spanish 1810 GMT 4 Jul 95

[FBIS Translated Text] Havana, 4 Jul (PL) — Carlos Castillo Peraza, president of the National Action Party (PAN) of Mexico, reiterated here today his rejection of the U.S. blockade against Cuba and his party's solidarity with the Cuban people.

Castillo Peraza arrived here early this morning at an invitation from Cuban President Fidel Castro. It is the second visit to the island in a little over a month by a high-ranking delegation of that party, the second strongest political force in Mexico.

A group of 20 PAN senators accomplished a wide program of meetings and visits to places of interest in this capital between 30 March and 2 April of this year. They were later received by the Cuban president.

"The PAN has repeatedly stated its opposition to the U.S. blockade and its solidarity with Cuba," the visitor said shortly before holding a meeting with Cuban Foreign Minister Roberto Robaina.

The Mexican political leader said he came to Cuba to get a firsthand impression of the Cuban reality and to talk to the island's authorities about the various topics of common interest, such as the Latin American situation and possible solutions to achieve greater integration.

In his first official activity, Castillo Peraza gave Robaina a huge Cuban flag, which will be hoisted in a public place in the city as a show of friendship and solidarity with the Cuban people.

After thanking him for the gesture, the Cuban foreign minister noted the historic ties of friendship between the two peoples and "the courageous" decision made by Castillo Peraza to accept the Cuban Government's invitation.

"We are experiencing difficult and complex times. That is why we appreciate and respect those who visit us," Robaina noted, after saying, "We are willing to discuss any topic" that may interest the visitors.

"We are not concerned about the differences that may exist between us, because the points in common are much more important," he said.

Castillo Peraza, age 47, was accompanied by Senator Gabriel Jimenez Remus. He will hold an extensive series of meetings with top-level Cuban authorities during his three-day visit.

Views Cuban-Mexican Relations

PA0407220295 Havana PRENSA LATINA in Spanish 1906 GMT 4 Jul 95

[By Angel E. Pino]

[FBIS Translated Text] Havana, 4 Jul (PL) — Foreign Relations Minister Roberto Robaina termed the visit Carlos Castillo Peraza, president of Mexico's National Action Party (PAN), began to Cuba "extremely important."

"I think it may contribute greatly to improving Cuban-Mexican relations," affirmed Robaina shortly after receiving the political leader from the neighboring country, who arrived early this morning to pay a courtesy call at the official invitation of President Fidel Castro.

In a brief meeting with journalists, the Cuban foreign minister stressed that everything that may contribute to the existence of new communications with a Mexican reality "we care so much about" contributes to "breaking barriers."

The Cuban foreign minister stated that his country maintains "an excellent relationship" with the new administration of President Ernesto Zedillo of Mexico's Institutional Revolutionary Party.

After noting that there are many pl in common, Robaina explained the important thin understand that the new administration has had to with internal processes and its priorities "do not f today on its projects with Cuba or with the world.

"I think they have had much more im tant priorities, but even under these circumstances ou urrent relationship with Mexico continues to be very special," Robaina ratified.

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Robaina expressed that for Cubans the most important priority, above all else, is that Mexico can recover. "I think that if Mexico recovers, we will recover too," he remarked.

The visit by Castillo Peraza, who is 47, is the second visit made by high-ranking PAN leaders to the island in a little over a month.

A delegation of 20 senators of the PAN, the second largest political force in Mexico, completed a broad agenda of meetings and visits to economic development places between last 30 March and 2 April. They were also received by President Fidel Castro.

"I believe that the PAN is a force that has an authority, a role, a direction on that Mexican reality with which we continue to maintain very important ties, regardless of the difficult situation that the country is facing," Robaina stressed.

The Cuban foreign policy chief downplayed the ideological differences betweeen the center-rightist PAN and the Communist Party of Cuba (PCC), saying that "we live in a plural and flexible world."

"I think that the PAN is plural, and the PCC is also plural. If the problem is we need to be pluralistic, we are pluralistic enough to speak and talk to anyone, as long as we are respected," Robaina emphasized.

He concluded that, although there are differences, "we have very many things in common," not so much on creed or ideology, but on the aspiration we and the PAN have to improve the standards of living of our peoples.

Robaina Meets With Secretary Gen of Congress Party of India

PA0407174895 Havana PRENSA LATINA in Spanish 0104 GMT 4 Jul 95

[By Antonio Rondon]

[FBIS Translated Text] Havana, 3 Jul (PL) — Cuba is seeking mutually beneficial economic relations with India, Cuban Foreign Minister Roberto Robaina said today after a meeting here with Sushil Kumar Sambhaji Rao, secretary general of the Congress Party of India.

In statements to PRENSA LATINA, Robaina said the idea is "to identify mutually beneficial grounds for our peoples amid new issues introduced in our bilateral relations."

He said he is pleased to be able to find new solutions to the island's problems during these difficult times when a new bill is being discussed in the halls of the U.S. Congress to internationalize and intensify even more Washington's blockade of Havana.

Robaina described the Indian leader's visit as part of a continuing process of privileged relations that have existed between the two countries for a long time.

He said in this regard India's presence in the meeting to demonstrate world solidarity with Cuba, which was held in this capital recently, and the preparations for a similar continental conference in Asia indicates that people are identifying themselves with our country, not only by stating their positions but by taking specific steps.

"To come here at this time to tell us we have the understanding, actions, and solidarity of New Delhi with what Cuba has done motivates us and especially commits us to our work," he added.

During his meeting with Sambhaji Rao, Robaina said he was pleased with the visit and said it was an opportunity to demonstrate his reciprocity for the warm welcome he received by the Indian authorities during his recent tour of the region.

The officials from both countries affirmed the existing good relations between the two countries and said the time is right to improve their economic relations as well as to coordinate actions to face U.S. actions against Havana.

The high-ranking Indian leader had previously held talks with Cuban Assembly President Ricardo Alarcon, with whom he talked about the existing cooperation between the legislative bodies of both countries.

Sambhaji Rao, who arrived in this capital yesterday, also met with the president of the Cuban Institute of Friendship with Peoples (ICAP), Sergio Corrieri, to whom he expressed his government's commitment to support this country during its most difficult times.

French Ambassador on EU's Cooperation Decision

FL3006175095 Havana Radio Rebelde Network in Spanish 1155 GMT 30 Jun 95

[From the "Doing Radio" program]

[FBIS Translated Text] French Ambassador to Cuba Jean Raphael Dufour has praised the EU's decision to promote relations with Cuba, a decision made during France's chairmanship of the economic organization. Ambassador Dufour reviewed for reporters at the Center for European Studies the importance of France's recently concluded mission as chairman, pointing out that consolidating achievements and preparing for the future were the organization's two main goals during the six-month period. Dufour also referred to four ongoing priorities: affirming cultural diversity, increasing

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employment, promoting European security, and preparing for the intergovernmental conference in 1996. Dufour said that the EU decision to grant humanitarian aid to Cuba — which currently approaches $20 million — could lead to full and fruitful cooperation in other areas through agreements aimed at social, political, and legal issues:

[Begin Dufour recording] I am one of those who believes that European humanitarian cooperation with the great island is necessary to help confront the economic and social consequences that the new realities have imposed since 1989. As essential as humanitarian cooperation is, it has limits. It serves as a precursor for negotiations on full and fruitful economic cooperation for all participants through the framework of an agreement called the third generation. This will be the task of future EU chairmen. [end recording]

Ambassador Dufour added that fulfilling these cooperation agreements will be the task of future EU leaders, stressing that they had achieved something important by increasing EU members' awarness of the need for official dialogue with Cuba.

Alarcon Addresses Election Plenum

FL0507001295 Havana Radio Rebelde Network in Spanish 0200 GMT 1 Jul 95

[Speech by Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government [ANPP], during Havana City's public hearing on the electoral system — recorded]

[FBIS Translated Text] In these elections on 9 and 16 July we will be waging a truly fundamental political battle. We will be voting for and electing our representatives from among the comrades we ourselves nominated, exercising a right that our people have. Many other peoples in many other places lack this right, and many of them claim to be examples of true democracy. Here, the comrades we will select — and we all know this — have not been nominated because they have more money than anyone else or because they have the most means for buying votes, bulletin boards, or political campaigns. They were not selected by any machinery that serves the interests of any privileged groups. They were nominated by us. Nowhere on this planet is there a similar example of true democracy, true participation of the people, the humble people, the workers, those who are not represented in other societies.

In the past they were only allowed to supposedly elect from among candidates no one knew. No one knew who the person was on the ballot. We would see their posters violating the walls and columns of this city, making all kinds of promises, except one — that which our candidates can offer: that they are the expression of the true, real, authentic will of the people. We elect the person who embodies the best qualities, has the most merit, and is the most capable person. It is our decision alone. They will continue among us, the thousands of delegates who have given the best of themselves during this complex, difficult period in our fatherland.

That cannot be done in other parts of the world, and that is one of the things they want to take from us by imposing an alleged representative democracy, which would only represent the economically powerful, the wealthy, and the privileged. That is why in most places, the majority of people do not even take the time or go through the trouble of voting for the alleged representatives being offered to them. Here, everyone has more than enough reasons to go on those dates to select from among those we nominated because that is a way of preserving, defending, and perfecting our truly, genuinely democratic system of the people, for the people.

We are all going to vote on 9 July. On 11 July, according to latest reports, a group of no more than 12 individuals of the U.S. House of Representatives' International Relations Committee will also be voting. What will they vote on? The bill presented by the president of that committee, Mr. Burton. What does that bill say? What are its goals? It is the counterpart of the one that another man, Senator Helms, has presented in the Senate. They seek to force the entire world, democratically, to kneel before the whim of the United States; to kneel before Yankee arrogance and deny Cuba trade, investments, and economic cooperation, then force them to not deal with Cuba; make the blockade harder and even more ferocious; intensify the difficult, complex conditions that our people face at this moment. [Someone in the crowd shouts: "But that does not scare us, Alarcon."]

I know it does not. They are the ones who are scared because this is the sixth time Mr. Burton has announced when he will finally submit his bill to the committee. It seems that it is now for real because they have publicized it so much. On 11 July, they are going to vote on the law. Among other things, this tells us Cubans that the blockade will continue. They would like to think they are going to deny us, and all countries in the world the right to trade with Cuba and have relations with Cuba, not only until they achieve their goal — which will never happen — of destroying the Revolution, but until all the properties are returned to those who lost them and are today U.S. citizens... [crowd, interrupting, shouts: No!] Listen to this, because this is probably the best part of the bill, their shamelessly clear way of preventing confusion, by which they demonstrate their true intentions: until the properties are returned to all

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those who today are U.S. citizens and who lost them on 1 January 1959 or thereafter.

I doubt that any of them will come because everyone knows who lost anything on 1 January 1959. It was not the foreign companies. It was not even the landowners, because on that day there was not an agrarian reform. Everyone knows that it was approved the following May. Who are these who lost something on 1 January? It was the Batistianos, the torturers, those who fled the country. The only way they will someday return is by facing a people's trial to answer for their crimes [applause] and to answer for all they stole from the people. So if we are talking about returning something, it is they who must return something to our people.

Of course, I know — and I have said this on more than one occasion — that neither will they attain their goals, nor will their legislation — whether or not it is approved — have any effect. That is their problem. Lage said in Dos Rios that this country is neither governed in English, nor by English laws. Anyone who tries anything like that, anyone who tries to legislate for us, has to come here and legislate, not stand before a parliament, but legislate the way we do: by meeting the people at the grassroots and in the neighborhoods. [applause] Let them go into our streets to see if there is some Cuban — who deserves to be called a Cuban — who will truly accept returning something to some murderer, thief, or exploiter. [Someone in the crowd shouts: Never!] That we will [Someone shouts: Let them try and get it!] retreat on any of our conquests, that we will tolerate the plundering of our riches and properties. Riches that always belonged to the people, built by and with the sweat and hard work of the people throughout the years, to create the riches that this country has.

But in that context, comrades, our truly democratic elections are going to take place within that framework. When a handful of gentlemen in Washington vote to decide what they are going to do regarding that political monstrosity created by Helms and Burton, we will have voted already, two days earlier. It will not only be to elect the person we believe has the most merit and is most capable of being the best delegate, but it will also be about giving our vote to the fatherland. It will be the clearest, most vigorous, and firmest way for Cuban citizens to tell Mr. Burton, Mr. Helms, and the rest of them that here, we are the only ones who decide. [applause] Here, we are the only ones who vote. Here, we are the only ones who legislate, and no one else.

To not vote and not heed the call of the fatherland would be more than simply failing to select the best delegate. It would be a failure to voice our rejection of something. I am sure that the capital, which is providing an important political demonstration with this process, and which is demonstrating the deep patriotic awareness that motivates that immense majority of people in the capital; I am sure that those who demonstrate loyalty and patriotic will, and the firmness of the majority of the people in the capital, will be capable, with everyone's effort, of effecting the awareness and hearts of all the inhabitants of the capital so that on 9 July, we do not only elect the one we think the best among the nominees, but we will tell our enemies and the rest of the world that we will continue to be the ones to decide and that we will continue being the only governors of our destiny.

Let us turn 9 July in another overwhelming "Yes for Cuba." Let them hear the echo two days later when those gentlemen gather to consider their so-called bill.

Electoral Commission Chairman on Upcoming Vote

PA0407043295 Havana PRENSA LATINA in Spanish 0247 GMT 4 Jul 95

[FBIS Translated Text] Havana, 3 Jul (PL) — Dr. Carlos Amat, chairman of the National Electoral Commission (CEN), today said the 9 July municipal elections represent a vital part of the political battle currently being waged by Cuba.

"This is a crucial moment, given the threats to our independence and our homeland, and given the brutal way in which the (Washington) blockade (against Cuba) is being carried out," Amat, who is also the Cuban justice minister, said in a 30-minute televised appearance.

He stressed: To vote is to reassert the right of Cubans as a people, to assert ourself as a nation, and "to reassert our ability to decide what we are and what we desire without having someone come and impose his will and teach us lessons unrelated to our experience."

The CEN chairman said the upcoming elections will consolidate the Cuban electoral system and uphold democratic principles.

Amat praised the fact that 50 percent of the candidates vying for positions of councilmen are young, and this represents an infusion in the life of the people's government.

He also mentioned the fact that 8,000 of the candidates are university graduates.

Amat reasserted the preparatory process has been highly positive because of, among other things, the Cuban people's mass participation and enthusiasm regarding the candidate nomination assemblies, in which 82.9 percent of the population participated.

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First Semester Indicates Continued Economic Recovery

PA0307201595 Havana PRENSA LATINA in Spanish 2150 GMT 30 Jun 95

[By Elsy Fors]

[FBIS Translated Text] Havana, 30 Jun (PL) — At the closing of the first semester, the Cuban economy during 1995 is seemingly continuing last year's recovery trend, except in the sugar industry, which is the main export sector.

According to figures disclosed this week by Foreign Trade Minister Ricardo Cabrisas, during the opening ceremony of Expocaribe 1995 in Santiago de Cuba, the initial recovery experienced in 18 areas of the economy during last year continued during the first months of 1995.

Having increased 18 percent during 1994 over 1993, Cabrisas said exports continued to indicate the same level of activity during the first half of the year.

According to local economists, cement, pharmaceutical and biotechnological products, as well as tourism are the areas making the largest contribution to foreign currency income.

Nevertheless, officials and specialists agree there will be no escaping the current economic crisis as long as there is no recovery in the sugar industry.

Cuba's shrinking sugar production during the last three years affected all levels of the production process: planting, weed control, fertilization, harvesting, and industrial processing.

In a year such as 1994, the weather, of which experts have described as perfect for sugarcane cultivation, Cuba displayed a lower harvest than during the 1962-1963 campaign. Then, Cuban factories produced 3.6 million tons.

Such a low production level coincided with high world market prices. Sugar was priced at $0.145 per pound on the New York stock markets on 23 June and closed at $0.15 in London on 30 June.

Juan Varela Perez, a journalist specializing in the sugar industry, said on 17 June that work to prepare the soil, to clear away weeds and brush, fertilize, and to resow the fields was still quite slow.

He said on that same date that seed preparation stood at 52 percent, while 27 percent of the lands were still covered with grass and brush. The sowing process had covered only 41 percent of the soils, at such a favorable period of the year when soil humidity levels are high.

Despite all these factors, the outlook for the coming sugar campaign is more promising.

Specialized sources have told PRENSA LATINA that seven Cuban provinces have foreign financial assistance to carry out the 1995-1996 sugar harvest, and the fertilizers needed for at least the actual planting are already in the country.

Nelson Torres, the sugar industry minister, announced before the Cuban Economists Congress on 28 February that a larger amount of raw materials will be purchased with funds provided by loans from foreign sources. Those funds will allow the industry to harvest 5 million tons during the 1995-1996 campaign.

The government believes a strict timetable, tight demands at all stages of the sugar production line, starting in the field and going all the way to the factory, and the mobilization of approximately 300,000 people to clear the fields and seed the soil are the right formula. This is the most efficient way to attain the industry's much desired economic recovery, as this is the island's foremost and oldest economic activity.

Eloy Concepcion Discusses Sugar Harvest

FL0507013495

[FBIS Translated Editorial Report] Havana Radio Rebelde Network in Spanish at 1155 GMT on 3 July 95 carries live, during the regularly scheduled "Doing Radio" program, an 18-minute discussion between Eloy Concepcion and program host Felix Fernando Garrido, with brief contributions via telephone by Holguin correspondent Arnoldo Garcia and Pinar del Rio correspondent Cabrera Peinado. Discussion monitored in progress.

Eloy Concepcion is discussing preparations for the sugarcane harvest, indicating that some provinces still need to improve their efforts, and noting that nationwide, "weeding in July fell 10,000 caballerias short of the goal; planting was 4,000 short; and replanting — although generally well conducted throughout the country — did not completely meet its goal of 2,648 caballerias. Some provinces did almost no replanting, including Guantanamo, at 62 percent; Sancti Spiritus, 68 percent; Cienfuegos, 63 percent; Villa Clara, 42 percent; and Ciego de Avila, 37 percent." He indicates that problems in Camaguey are the result of the "extensive deterioration of the sugarcane fields," observing that production levels are far below what they used to be in both the cattle and sugar industries. Fernando questions the disparate production levels among provinces, given the stable supply of resources. Eloy responds that "five provinces — Santiago de Cuba, Holguin, Las Tunas, Matanzas, and Guantanamo — have currently met

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planting goals; Granma and Havana are about to; but the rest are not meeting their goals." He explains that the main problem with both planting and sugarcane recovery in general is a lack of planning, noting that "it rains every June, and instead of planning for the rains, they are used as an excuse; and if it's not the rains, it's the drought."

He says that irrigation systems are important in Havana, Matanzas, Ciego de Avila, and Holguin, to avoid losses from lack of irrigation, but that they have not been prepared. Concepcion complains that the lack of resources is often used as an excuse for what are really subjective problems, specifically disorganization and lack of discipline, and goes on to say that: "Personally, I think there is a general lack of understanding of how crucial sugar is to Cuba." He says the main solution to Cuba's economic problem is recovery of the sugar industry, and that "until all are aware of that, the problems of the special period will not be resolved." Concepcion states his belief that the sugarcane industry lacks manpower and that the fields are full of weeds, putting the harvest at risk. He says weed infestation is particularly bad in Holguin.

Holguin correspondent Arnoldo Garcia joins the discussion by telephone. Garcia notes that on 2 July, Nelson Torres, after meeting with leaders of the province's agroindustrial complexes, called for increased efforts. Garcia remarks that Holguin is in a "good position in certain sugarcane activities," and that they cannot allow continued weed infestation to threaten their hard work. Garcia expresses his belief that more could be done to deal with the problem.

Fernando suggests that because of disorganization and lack of planning, some provinces are behind schedule in their efforts for the next sugarcane harvest. Concepcion reiterates the importance of maximum effort in every province to achieve substantial increases in the next harvest's yield, its importance to the industry because "Cuba has received credit that must be repaid at a high rate of interest. This is an important step because for the first time, a foreign bank has extended us credit, demonstrating their confidence that Cuba is serious in this endeavor. However, this seriousness must translate into sugar." Concepcion indicates he is optimistic and approves of the effort. He says that the problems evident in provinces such as Villa Clara and Camaguey cannot be resolved in a month or 15 days, that they are problems that have been dragging on for the four or five years of the special period. Concepcion stresses the crucial importance of involving at least 85 percent of the members' basic cooperative production units [UBPC's] in sugarcane production, noting that in some provinces, the UBPC's are working on less crucial tasks, the majority of them bogged down by bureaucracy and secondary activities. Concepcion indicates that "the workers and leaders of the sugarcane agroindustrial sector must understand what is at stake for Cuba in securing this credit." Concepcion praises planting and replanting efforts, even though spring planting goals had not been met, and remarks that planting should be ongoing, rather than classified into phases, further suggesting that July should be designated for weeding.

Concepcion criticizes an unnamed union leader in Guantanamo for expressing satisfaction that only 11 percent of the fields were weed infested, and explains that weeds mean zero sugarcane. He cites a small producer in Havana who this year produced 115,000 arrobas per caballeria, without irrigation, noting that those fields are weed-free. Concepcion says that generally, things are going well. He indicates that the sugarcane workers' incentive stores have been completed in Pinar del Rio, questions why stores in other provinces are not complete, and says that these stores will make sugarcane-sector workers the first in the nation with the opportunity to purchase items with pesos, which are otherwise available only in dollar stores. Both Fernando and Concepcion concur on the importance of weeding, and worker incentives. Concepcion then states that "damages caused by cattle to the sugarcane fields in Pinar del Rio is a serious problem." Concepcion praises the Manuel Sanguily, the 30 Noviembre, and the Jose Marti complexes for weeding efforts in June, but notes that many other areas are weed-infested, and urges greater effort, provincewide, in weeding, planting, and replanting. Concepcion remarks that rains have caused delays in Pinar del Rio, but that it rains every year and they must learn to plan around the situation. Pinar del Rio correspondent Jose Cabrera Peinado joins the discussion by telephone, pointing out the unusualness of three powerful storms hitting the province in one year — the January storm, Tropical Storm Allison, and the recent storm. Concepcion hastens to say that he understands they were hard-hit, but points out that preparations and plans should be made for the bad weather that occurs every year, given the knowledge gained from experience. Concepcion suggests that Pinar del Rio is particularly reticent plan for weather events. Cabrera agrees and states that weeding and planting is much further along in the north than in the south, notes the low production levels of Pinar del Rio complexes, but defends the importance of their contributions, adding that the five newly opened stores are a strong incentive. Cabrera proudly points out that 400 men from the province will be awarded for outstanding efforts, and agrees that the work force must be increased. Concepcion replies that Pinar del Rio is an important contributor to sugar production and that the "clear-cut solution to sugarcane-

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industry and tobacco-industry problems in Pinar del Rio is the same: increased participation by the UBPC's and the linking pf workers to the land," noting that this would improve food and housing shortages. Concepcion reiterates his praise for Pinar del Rio workers' efforts.

Unions Urged To Boost Sugarcane Recovery Efforts

FL0107151395 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] The Cuban Workers Federation [CTC] has called on unions nationwide to continue sugarcane recovery efforts to achieve outstanding results in July. CTC Secretary General Pedro Ross Leal has stressed to union leaders the importance of drawing 50,000 workers into the sugarcane sector in July:

[Begin Ross recording] We will have to mobilize three or four workers for every worker not mobilized today. We cannot afford to waste time. We must supply the sugarcane sector with the labor force that it needs. It is currently essential to supply it with many workers. [end recording]

Although Ross confirmed that the number of sugarcane workers has dropped in some provinces, he commended Holguin, Las Tunas, and Matanzas Provinces on their notable performance in the sector and Guantanamo, Villa Clara, and Havana Provinces on their efforts to mobilize workers.

Customs Officials Discuss Import Duties

FL0107174395

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1155 GMT on 21 June carries live, during the regularly scheduled "Doing Radio" program, a 16-minute discussion between Vicente Rene Perez Alfonso, Finance and Prices Ministry specialist on customs duties; Customs Inspector General Reinaldo Robaina Dopico; and Felix Fernando Garrido, program host.

Fernando begins the discussion by asking if Cuba is the only country that charges duties in foreign currency.

Robaina replies that all countries use this system, adding that "Cuba is only doing what everyone else does around the world." Robaina goes on to say that any Cuban who is invited to visit anyone living abroad can do so and since they have been invited they travel without any money. Robaina points out that the new customs tariffs have been implemented as a measure to protect the national economy.

Perez answers Fernando's question regarding Cuban artists and athletes who receive gifts or awards while abroad, stating that if the product is prohibited in Cuba they cannot bring it back with them even if it is a gift. Regarding gifts, Perez adds that if it is accompanied with the pertinent paperwork there is no problem.

Fernando asks if the current Cuban customs tariffs are in line with other countries' tariffs.

Perez replies that the lists used as guides by Cuban Customs reflect current prices used internationally. He adds: "There are no variations, and no one can think that we apply the national economy's [economia interna] prices." Perez points out that the previous restriction on the amount of luggage allowed in to Cuba — 20 kilos — has been abolished.

Fernando briefly explains the new system regarding payment of customs duties based on the value — only if over 100 convertible pesos — of the product that is being brought in to Cuba.

Fernando initiates a live relay with Granma Province and introduces Arcides Garcia, the program's correspondent in Granma.

Garcia asks: If someone brings a donation and has not arranged this through the Cuban Institute of Friendship with Peoples (ICAP) what would the correct procedure be?

Robaina says that these donations must be of a social nature. He adds: "If they are social donations, the regulation specifies that to be imported into Cuba it must be through the ICAP or through (Expo) enterprise. This is the only way to import donations. There is no such thing as a donation to an individual. It would not be a donation, it would simply be something someone is importing into Cuba to hand over to someone else, for themselves, or for their relatives." Robaina adds: "Even if it is presented as a gift, many travelers bring these things to their relatives or friends. Everyone knows how these things happen. In any case, they must pay duty on this so-called donation. I say so-called donation because to us this is an imported item and customs duties must be paid, if its value is over 100 pesos."

Fernando asks if canned or bottled items can be imported. Perez responds that as long as they are correctly canned and labeled. Perez stresses that only those products — for health reasons — that do not comply with these regulations would not be allowed.

Robaina adds that both customs and health officials coordinate the control over products of this nature.

Fernando asks Robaina if handbags would be considered as import items. Robaina replies that handbags,

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suitcases, or what they carry are not the issue, stressing that "the value they are given is the issue." Fernando gives the example of someone carrying personal effects and at the same time carrying other products, considered imports, being their value over 100 pesos.

Both Perez and Robaina agree and remind Fernando that the duty is placed on items of 100 pesos and over.

Fernando comments that perhaps the general public is not completely informed about these new regulations concerning duties.

Robaina agrees that perhaps the public has not been given enough information.

Fernando intercedes: "This gives way to false interpretation of the new measure."

Robaina again agrees and adds: "From 1-18 June, 43,588 passengers have arrived in Cuba. We have collected from these passengers 26,800 convertible pesos and 32,300 pesos. This means that for each passenger that has arrived in Cuba we have collected 1.34 pesos. Therefore, this proves that the measure is in no way a measure implemented to collect money. The measure only seeks to facilitate matters for passengers and — from an economic point of view — have all these people purchase these products in Cuba. This is the fundamental goal of the measure. It does not seek to collect money but to protect our economy."

Fernando retraces the discussion highlighting that products over 100 pesos will be subject to paying 100 percent duty and also mentions objects which cannot be imported. Fernando adds that trophies, gifts, and awards given to athletes, scientists, and artists are free from paying duties. He adds: "With regard to bringing in money: Can any amount be brought into Cuba?"

Robaina stresses: "The Banco Nacional does not have any limit on the amount of money that can be imported; therefore, the amount that can be brought in is unlimited."

Fernando reminds that products brought into Cuba for personal use must be in accordance with the person — sex, size, and condition — bringing them in and with their reason for visiting Cuba.

Both Robaina and Perez stress that the imported products must be relative to the passenger's condition as a visitor or otherwise.

Fernando thanks Robaina and Perez for their participation in the program.

Cabrisas Optimistic About Possible German Cooperation

PA2906165195 Havana PRENSA LATINA in Spanish 2149 GMT 28 Jun 95

[By Antonio Rondon]

[FBIS Translated Text] Havana, 28 Jun (PL) — After meeting with Dieter Spoeri, German deputy prime minister [title as received], Cuban Foreign Trade Minister Ricardo Cabrisas today said he was optimistic about the possibility of German participation in the country's automobile industry.

In statements to PRENSA LATINA, Cabrisas asserted: "As the deputy minister himself has pointed out, we are reasonably optimistic" about the development of our commercial relations.

He highlighted that their talks centered on "reviewing concrete aspects related to bilateral relations, especially with the Federated State of Baden-Wurtemberg, as well as the talks held with the Mercedes-Benz company."

Referring to the participation of this company in Cuba's economy, Cabrisas revealed that work along these lines has been conducted for several months. "They have really made a decision to have a presence here and actively participate in the development of the automobile industry," he added.

He described the direct negotiations between the authorities of this federated state and representatives of the Cuban Metallurgy and Electronics Industry Ministry as positive.

Meanwhile, the German official, who is also the finance minister of Baden-Wurtemberg, said the two sides talked about the current level of cooperation between Cuban companies and those in his region, focusing discussions on four points, which he did not define.

The official expressed his confidence that "the continuation of the talks with a Cuban delegation in Stuttgart, capital of this German state," will have positive results.

During the talks, Cabrisas stressed that the delegation's visit follows a visit by several representatives of commercial and banking organizations from this European country, and he noted that this was "the high point of the first phase" of Germany's introduction into the island's economy.

He added that he hoped the German role would help establish in practice what he presented to the Germans during his trip to that country in March 1994, when he expressed the need for Bonn to participate more in the Cuban economy's opening process.

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Spoeri stressed the signing of the concession agreement between Guama Marketing and the Putzmeister Constructing Co. as an example of the merging of advanced Germany technology with the high level of skills of Cuban specialists.

Earlier, the visitors met with Cuban Economy and Planning Minister Jose Luis Rodriguez, who explained the main direction and outlook for the changes being implemented in Cuba's economy.

Likewise, the mission met with Mercedes-Benz directors in Havana. This company will start operating, primarily in sales, post-purchase service guarantees, and joint production of engines and vehicles, in Cuba next July.

The visiting delegation also includes Rolf Eckrodt, the president of the Mercedes-Benz company in Brazil; Hamburger [name as received], the Deutsche Bank representative in this South American country; and Social Democrat and Christian Democrat parliamentarians.

'Concession Agreement' Signed With German Company

PA0407231795

[FBIS Editorial Report] Havana PRENSA LATINA in Spanish at 2322 GMT on 27 June, in a Havana-datelined item, reports that Gert Eckstein and Alfonso Llamas, export managers of the German company Putzmeister and the Cuban company Guama, respectively, signed a concession agreement today. The document endorses plans by Putzmeister to stabilize the production of equipment in Cuba, as well as its marketing in other countries. Guama has 25 factories and manufactures a variety of more than 70 products that are exported to countries such as Spain, Portugal, Mexico, Colombia, Vietnam, the Dominican Republic, and Jamaica, among others. Putzmeister has been operating in Cuba for over 12 years, but this agreement will allow the manufacture on the island of small accessories and other products that had been manufactured in Germany until now.

Labor Minister on Employment Issues

FL0407201395

[FBIS Translated Editorial Report] Havana Tele Rebelde Network in Spanish at 0133 GMT on 28 Jun 95 carries its regularly scheduled Open Agenda program, featuring a discussion of labor issues by Salvador Valdes Mesa, minister of labor and social security, and program host Antonio Resillez.

Resillez opens the program by stating that the program's subject, labor concerns, is an issue "undeniably omnipresent in today's society. It is a controversial issue, and is important precisely because it is so widespread. It is a problem experienced in every household in this country no matter what province they live in," adding that the issue has "political, social, and economic implications." Resillez goes on to say that the labor and employment system has become very complex, not only in Cuba but in the rest of the world, which affects social dynamics.

Resillez then introduces Labor Minister Salvador Valdes and asks him how long he has held the position of labor minister. Valdes replies: "five months and two days," and goes on to describe his functions prior to assuming the Ministry position, noting that during the last five years, he's held the positions of second secretary of the Cuban Workers Federation and secretary general of the National Forestry Workers Union. In response to Resillez's question, Valdes indicates that by profession he is an agricultural engineer and that this is his first television appearance as labor minister.

Resillez states that the entire Cuban labor system seems to be in need of reorganization, noting that experts from governmental and nongovernmental organizations alike have said that "there are approximately 1 million excess workers in Cuba today." He asks Valdes whether he thinks this is a realistic figure, to which Valdes replies: "This is a very controversial, debatable issue, and a very sensitive problem. We know that research center experts have made these predictions based on the application of mathematical formulae to statistics on economic performance. We are constantly studying and evaluating the behavior of the economy, which is subject to many factors, especially internal factors, including the influx of capital, associations, fluctuation of market prices, among others." Valdez emphasizes that there are significant measures being implemented to reduce the impact of the needed rationalization, yet the final studies on the number of surplus workers have not been completed.

Resillez asks about principal traits of the Cuban labor force, the number of rationalized workers, and which sectors are most feeling the effects of rationalization. Valdes notes that the Revolution's primary resource is the labor force. Regarding the composition of the labor force, he says that there are approximately 4,330,000 workers in Cuba, of whom 3,670,000 work for the government, with 660,000 incorporated into various economic sectors. He points out that there were approximately 93,000 surplus workers in 1994, including workers whose industries closed down due to shortages of resources, and approximately 24,000 workers who were rationalized as the result of structural changes to many enterprises. He adds that 14,000 of these rationalized workers were relocated, some taking other jobs within

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their enterprise or moving to other sectors by the end of the year. Valdes cites that there were 17,500 rationalized workers during the first three months of 1995 — 8,000 relocated, the rest receiving subsidies.

Resillez asks Valdes whether his recent appointment to the Ministry implies a change in labor policy, to which Valdes replies: "No, there is no change in labor policy. The Revolution has always had a defined labor policy, which will continue. This is only a change in leadership, which might lead to new initiatives."

Resillez observes that the rationalization policy has been implemented gradually and with caution, requiring final approval from the Labor Ministry before it can be enforced. He asks whether this will change.

Valdes states that labor policy must adapt to the new circumstances of the special period, and that: "The essential rationalization process to eliminate the surplus labor force in the different sectors must be regulated, controlled, and centrally managed by the Labor Ministry in the name of the Government." He goes on to say that: "Rationalization is essential to the achievement of efficiency," yet he acknowledges that other factors — technology, organization, etc.— certainly have an effect on efficiency as well. He agrees that rationalization must be a gradual and cautious process, assessed within individual enterprises by management and union, but he stresses: "We cannot delay rationalization in enterprises where studies agree that it is needed. We must rationalize and seek alternative options for rationalized workers."

Resillez asks whether there are specific rationalization plans for the public health and education sectors, to which Valdes replies that all sectors are bound for rationalization. Regarding these two particular sectors, he says that steps have been taken to find better-fitting structures and to achieve more flexibility, yet: "We would never reduce the number of teachers or health professionals, but we would like to improve the quality of these services."

Resillez next asks Valdes his opinion of tourism development from a labor standpoint. In response, Valdes highlights the significance of this alternative for Cuba, stating that there has been parallel growth in investment and in number of workers — approximately 63,000 people — in this sector. He adds that more efficiency, achieved through better training and optimal use of the labor force, will increase both profits and foreign currency acquired by the sector. Valdes notes that another benefit stemming from the tourism industry is the creation of more services to cater to tourists, and therefore, more than 50,000 workers who are linked to the sector in one way or another. He explains: "Besides foreign currency, tourism will also directly or indirectly generate many job alternatives for our workers."

Resillez mentions the decisive role of the upcoming sugarcane harvest, in which more than 230,000 people are working. He asks whether there are plans to offer increased incentives, to attract more workers to the sector, thereby providing more control of the harvest. Valdes replies: "We need to divert surplus workers to sectors in need of help, and there is a significant deficit of workers in the sugarcane sector." He points out that the creation of Basic Cooperative Production Units, with incentives provided according to performance, indicates that measures have been taken to encourage workers.

Valdes cites other salary incentives offered to industrial and agricultural workers since the 1980's, based on seniority, for instance. He also points out that the Cuban Workers Federation attracts workers from other sectors to work as macheteros at 40 percent of their base salary, plus the chance to reach 100 percent of the compensation paid to macheteros, based on production. He states that a harvest labor reorganization in the 1991-92 campaigns led to an increase in salaries, and that 51 mills were allowed the decentralized disbursement of salary funds during the 1994-95 harvest. He adds that this measure, which allows the enterprise to manage salaries and use ten percent to provide incentives to outstanding workers, was extended to 140 mills during the recent harvest. He also mentions the creation of a network of incentive stores, which sell merchandise in pesos.

Resillez then asks the minister to discuss possible incentives in other vital food-production sectors, to which Valdes responds that incentives are also being offered to non-sugar UBPC's, where increased production increases members' earnings. He also cites the granting of land in usufruct for tobacco planting, to encourage families to move to the mountains. He says that the Ministry is also considering the possibility of offering incentives to state farm workers.

Valdez additionally reports that significant improvement in seafood catch was achieved when salary incentives to the fishing industry workers were introduced in 1994, and states that there are similar initiatives recognizing achievements in the fishfarming and nickel sectors.

Resillez then states that he was invited by Valdes to attend a meeting at the Labor Ministry with many high-level officials. During the meeting, he recalls the minister saying: "The problem is not a matter of dismissing workers, but of creating employment." He asks what he meant by these words.

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Valdes states: "Rationalization should work in concert with an employment program. The government does not wish to abandon workers; there is a distinct protection program to find and offer alternative employment. Resurrection of the economy will allow us to provide jobs." He commends the salt enterprise in Guantanamo, which has employed many of the surplus works in the agricultural sector, and also the Revolutionary Armed Forces Ministry, which has diversified production, thus creating more positions.

Valdes stresses: "The economy cannot subsidize thousands of workers; this would be helpful to neither the nation nor the workers."

Resillez then points out that many listeners read an article about a Cuban Workers Federation [CTC] meeting, attended by Valdes, in which the CTC commended the efforts of the Labor Ministry to study the feasibility of a national employment program based on predictions of the labor situation in Cuba. He then asks Valdes to explain the program and these predictions.

Valdes explains that it is essential to assess the current employment situation in Cuba before designing a national labor program: "We need to know the effects of the special period, the current imbalance between employed and available labor resources in every municipality and province, and correlate the data to the interests of each sector and location. Then we can make employment projections and seek employment alternatives in those provinces." Valdes adds that the studies under way will be completed in July-August.

Resillez asks about employment prospects for recent graduates, to which Valdes responds that only approximately 270 professionals from last year's graduation remained unemployed. He adds that over 22,000 students will graduate in 1995 — those in the health sector will have guaranteed employment; 75 percent of the 8,044 graduating as teachers will also be employed as such, and the rest will be given temporary alternatives and further training until they can be employed in their specialties.

Resillez goes on to address self-employment, asking about the number of licenses granted nationwide and the number of self-employment jobs authorized so far, the most popular ones, and results to date. Valdes recalls that Decree-Law 141 opened the doors to self-employment in September 1993, reaching a peak during the second half of 1994, with 170,000 self-employed workers. He says there were approximately 167,000 registered workers when the new laws came into effect. Valdes states that there are approximately 140 different self-employment jobs, and that most self-employed people are delivery persons [mensajeros]. There are also many drivers, barbers, carpenters, manicurists, and with the recent laws, many food vendors. He adds that there are 20 jobs preferred by 80 percent of the registered workers, but that it is still too early to evaluate their performance. Valdes explains that approximately 9,000 people have applied for licenses, 6,000 of whom wish to prepare and sell food, since the addition of new occupations to the list. He repeats, however, that that is just the beginning, and too early for conclusions.

Resillez remarks that it seems many self-employed people are reluctant to apply for licenses, to which Valdes responds that 19 new self-employment occupations were recently authorized, including some that were previously tax-exempt. He explains that delivery people, for instance, and others must update their status, and that many people — food vendors and such — who were conducting business without authorization now have the obligation to become legal and pay taxes. He adds: "Everything will fall into place, and there will be inspections by the Ministries of Labor and Social Security, and Finance and Price, to help achieve discipline and organization."

Resillez next asks about the future of professionals in the self-employment sector. Valdes replies that this issue is also being assessed, and that there will be a response in due time: "The Revolution is always timely in all decisions, but there must be preliminary analysis and a good deal of thought before a decision is made."

Resillez asks whether there are special measures to allow Ministry of the Revolutionary Armed Forces [Minfar] and Interior Ministry [Minint] members to become self-employed. Valdes states that on a September 1993, a joint resolution by the Labor and Finance Ministry denies professionals, and political and government officials the option of self-employment, adding that the new laws do not specifically deter them from becoming self-employed, but that members of the Minfar and Minint must comply with the rules of the organization to which they belong, thus setting their own limits.

Resillez wishes to know who is going to protect consumers who will receive services or buy products from self-employed workers. Valdes explains that people will be protected: "Self-employment jobs will complement the essential services provided by the state, which will fill a preponderant role. Protection of the people is one of these services." He adds: "People's and management councils can intervene to protect consumers when they find excessive price abuse or violations of health regulations when serving or selling food."

Resillez asks whether Cuba will be able to end the special period without solving the excess currency problem,

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to which Valdes responds: "Parliament approved the implementation of a new program to confront excess currency problems in 1994, which is yielding results. The program has not yet ended; it is being evaluated and updated. We have began to see signs of economic recovery in many sectors. This will help us to restore national finances and overcome the special period." Resillez ends the program by inviting Valdes to come on the program in the future to discuss social security. Valdes agrees.

Labor Minister on Self-Employment Possibilities

PA0107220395 Havana PRENSA LATINA in Spanish 1348 GMT 1 Jul 95

[FBIS Translated Text] Havana, 1 Jul (PL) — Self-employment (private option) is no longer an activity and has become a source of employment, Salvador Valdes, Cuban minister of labor and social security, said in an interview published in GRANMA.

Valdes stated that this consideration entailed the need to include the private option in employment projections. "To act with precision, we must put on the table the 140 possibilities — submitted by Cuban authorities to practice this activity — and ask ourselves which one should be promoted."

He added that the list of possibilities to pursue private work comprises more than 167,200 people, with the exception of those linked to the latest 25 authorized options, including the operation of small restaurants (limited to 12 spaces).

Referring to the new resolution to allow university professionals to work on their own, the minister made it clear that an employment option is not being considered in their case, because the state guarantees employment to them and self-employment is only a chance to increase their personal income.

The banks will play a pivotal role in making viable the payment and sale of fiscal stamps, in addition to operations in convertible currency that will have to be conducted to collect taxes from the "entrepreneurs." These taxes fluctuate between 30 and 400 pesos (same figure in dollars according to official exchange).

Recently, taxes in convertible currency were also established for those who sell food and alcoholic beverages with that currency, which demands greater thoroughness in the banking activity.

Valdes explained that foreigners who reside permanently in Cuba have the same rights Cuban nationals have regarding private work.

"Whenever an illegal activity is detected, be it people without permits or people who cannot justify the origin of the products being sold, domestic order organizations will be responsible for taking action," Valdes remarked.

It is an official priority, he added, to make those people register as stipulated by the law and respect all the regulations.

"I am confident that, along the path, there will be changes that will help consolidate and make this employment alternative more effective," the Cuban official finally noted.

Approval for Academic Professionals

FL0107161695 Havana Radio Reloj Network in Spanish 1402 GMT 1 Jul 95

[FBIS Translated Text] With Resolution 10 of 1995, Salvador Valdes Mesa, minister of labor and social security, has agreed to allow university professionals to engage in self-employment activities in any of the previously authorized categories. Specifically, a university professional may not be self-employed in his specialty — which is reserved for public service — but only in the approved activities or occupations. The university professional must obtain his work center management's permission, granted only if self-employment does not interfere with the individual's ability to meet his obligations. Political and government leaders, armed forces personnel, judges, prosecutors, and any other elected or nonelected public official — whether university professional or not — may not be self-employed, because of the importance of their role in society and the demands of their jobs.

Minfar Tests AntiAircraft-Missile Defense Unit

FL3006020595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 30 Jun 95

[From the "NTV" newscast]

[FBIS Translated Text] A Ministry of the Revolutionary Armed Forces [Minfar] delegation is conducting an inspection of the Western Army. A test of the antiaircraft-missile defense unit troops took place today. Minfar officials assessed weapon conditions, radio localization, and anti-aircraft defense. They also surveyed the unit's phase-one performance, and armament combat-readiness.

Eight of the nine tasks tested in the unit received outstanding marks. Unit 3234 is carrying out an exercise with the participation of various ranking chiefs and general staff to improve working cohesion, and to train for complex situations that might occur during combat. Div. Gen. Bermudez [identified by caption] was interviewed.

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[Begin recording] Organization has been very good, and the performance of all participating specialists has indicated professionalism, and especially, dedication. [end recording]

Juragua Nuclear Plant Developments Viewed

Comments on Feasibility Study

PA0407021495 Havana Radio Havana Cuba in Spanish 0000 GMT 1 Jul 95

[Report by Barbara Bethancourt from the "Evening Information Review" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Meetings between representatives of prominent foreign firms and experts of the Juragua Nuclear Power Plant [CEN], which is under construction in Cienfuegos in the country's southern region, are slated to be held in Cuba and abroad until early July. These meetings are part of a feasibility study for the resumption of the plant's construction, which was halted in September 1992 when serious financial difficulties were encountered. As of 1992, 90 percent of the construction of the first of the two reactors planned for the first stage was complete, and the second stage was well under way.

[Engineer Manuel Leon, deputy director of the Juragua CEN] "At that time, we carried out a mothballing program under which the plant would remain inactive for an indefinite period of time. The program ensured the plant's preservation and the possibility of reactivating it at some time in the future. Since then, we have carried out civil construction projects, such as equipment installation and preservation, intended to protect the machinery, equipment, and installations so the plant can be reactivated at any time. This was one of the decisions made. Another was that it was impossible for Cuba to complete the plant even with Russian Government money. A private international organization would have to step in if the plant was to be completed and put into operation."

It is precisely to implement this second decision that Cuban experts have been negotiating with the Italian firm Ansaldo for several months to revise the economic and technological feasibility study for the plant's construction.

[Leon] "Among others taking part in the feasibility study is a Brazilian firm, as well as the Russians, who cannot back out of the project, because it is their technology. The French are not participating in the feasibility study, although our relations with them are very good and we have exchanged information with them. Nevertheless, they have announced plans to participate as partners with us in the future. A similar thing happened with the Germans. [Words indistinct] had already outlined a feasibility study. A contract was signed and the work was in progress. Nevertheless, although more organizations wanted to participate, it was not good to keep adding people, because it would have been problematic to take things that had been decided and again submit them to other people's opinions. This would have delayed the process too much. Certain companies voicing a desire to participate in our project have been used as consultants. In this way, although the feasibility study has not yet been completed, these enterprises can begin to work with us."

The feasibility study, which, according to Leon, should be completed within the next few weeks, will determine the necessary capital required to conclude the construction of the first reactor and put it into operation. We asked him whether this amount would approach the $800 million mentioned by recent reports.

[Leon] "Maybe $800 million or $700 million. I do not know. This figure may have been used by someone to represent an existing international average cost per kilowatt of nuclear generated electricity. This cost depends on the country's development and which bloc it belongs to, whether it is the First, Second, or Third World. Each country's infrastructure varies a great deal. The cost of each kilowatt varies from $1,000, to $1,500 or $1,600, to nearly $3,000 in certain countries. If we estimate an average $2,000 for each kilowatt in a plant capable of generating 400 megawatts, the cost of the plant can be estimated at $800 million."

The amount of money to be invested in this plant is not the only topic that has been the subject of a great deal of speculation lately. Within the context of the campaigns to discredit the Cuban revolution, one of the most frequently used arguments is the CEN's reported lack of safety.

[Leon] "These reports originate in people unfamiliar with the technology and who are very receptive to any type of rumor. These people mix up things and situations. The Chernobyl accident is mentioned in the same breath with this plant, but the two technologies are unrelated to one another. Chernobyl's technology was based on graphite. Ours uses pressurized water. It has nothing to do with the Chernobyl type of reactor. The two technologies are entirely different from one another. This pressurized water technology is the most widely used in the world. Nevertheless, this is the main argument presented.

People then begin to speak of problems related to Russian technology, design, and operation. Thorough studies have been made of the Russian plants since prob-

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lems first surfaced in these plants. Commissions were created by the International Atomic Energy Agency and the EEC to study in-depth the possible problems related to this type of Russian reactor. There are several generations of this type of reactor. Ours is the most recent generation of a pressurized water 440-megawatt nuclear power plant. Several modifications suggested by East European commissions have been incorporated into this plant. We have no doubts regarding this plant's safety. In addition, it is not difficult to understand that, when companies that exploit nuclear power plants in various countries begin to work with us, they will have no trouble from a technical viewpoint. Our problems are financial, not technical in nature."

Having generally clarified the nuclear power plant's safety, we also asked about the steps that will be taken at the end of the feasibility study.

[Leon] "When the study is complete, we intend to hold a news conference in Rome, Paris, or some large city. We also intend to invite banks, companies, and so on to attend. The plan we intend to follow with this plant is similar to those plans followed in the West."

The final goal is to create a multinational private enterprise which will exploit the plant and then sell the generated electricity to the Cuban Government.

[Leon] "Electricity would be sold to the Electric Union, which would pay us $1 per kilowatt of this generated energy."

Safety Assurances Provided

PA0307042695 Havana PRENSA LATINA in Spanish 2029 GMT 2 Jul 95

[FBIS Translated Text] Havana, 2 Jul (PL) — It was learned here today that maintenance at the Cuban nuclear power plant (CEN) in Juragua, in the central-southern province of Cienfuegos, is rigorous and has been carried out satisfactorily during the two and a half years that it has remained inactive.

Deputy Director Jose Saavedra today told JUVENTUD REBELDE weekly that the personnel who will start it up have updated the training courses that allow them to be aware of the latest technological novelties.

As an example, on quality control alone, over 400 engineers were retrained to await resumption of construction and installation.

He stressed that for nine months Russia, Cuba, and several firms from Europe and Latin America have been developing a soon-to-be completed techno-economic feasibility study of the plant, which will allow the so-called "work of the century" in Cuba to generate power before the next millennium.

Saavedra said, the publication adds, that the VVER-400 reactor — being assembled in Cuba — is of advanced technology, with triplicate security systems to assure its reliability without risk to the ecological environment.

Regardless of the origin of the technology and the equipment, the greatest security lies in its correct operation, for which the island has qualified personnel.

According to the source, the first reactor to be built in this Caribbean island, measuring 110 meters high and 70 meter wide, is capable of withstanding an 8-degree earthquake on the MSK-64 scale and even the impact on its dome of a 20-ton airplane at a speed of 200 meters a second.

The CEN began its first earth movements in 1982, and right now construction is 75 percent complete.

Haiti

Ministry Announces Juvenile Court To Open

WA0307164795 Port-au-Prince Radio Metropole in French 1145 GMT 3 Jul 95

[FBIS Translated Text] The Ministry of Justice announces that, within the framework of the judiciary reform, the necessary steps have been taken with a view to having the juvenile court begin operations. This court will be located at the Law Courts in Port-au-Prince.

Partial Results Expected 'in Some 48 Hours'

Port-au-Prince Signal FM Radio in Creole 1130 GMT 3 Jul 95

[FBIS Translated Excerpt] In some 48 hours, the Provisional Electoral Council [CEP] is going to publish the results of the elections held in Haiti last 25 June. The publication of the names of the people elected to become parliamentaians, communal magistrates, or members of Casec's [Administrative Councils for the Communal Sections] is to come while there is great disagreement between — on the one hand — the great majority of political parties in Haiti, and the international community and the CEP on the other.

Sixteen parties and political organizations — among them OPL [Lavalas Political Organization] and Conacom [National Congress of Democratic Movements], which are members of the Michel government — would like for the the electoral process to be begun anew, from scratch. The United States, the European Union, and Canada, for their part, have hailed the 25 June elections, which they said they consider a step toward democracy.

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At the beginning of last week, President Jean-Bertrand Aristide issued an appeal for calm; and last Thursday and Friday, he sat down to talk with a number of political party leaders. To date, no presidential communique confirms any possible postponement of the elections held — nor says whether or not the publication of the election results should be postponed.

Meanwhile, in an exclusive interview with Signal FM, presidential spokesman Yvon Neptune said that there is no question of their [not further identified] stopping, nor will they fail to publish the results of the 25 June elections. President Aristide's spokesman said they are going to make public the partial results very soon. Mr. Neptune also said that only the Haitian people have the right to decide whether or not the elections are valid.

Neptune, who said the 25 June elections constituted a victory for the government, says he hopes they publish the partial results within a reasonable time, so as to put an end to the waiting by the great majority of the Haitian people. [passage omitted]

We remind listeners that there was a three-way meeting Friday, between the chief of state, the political parties, and the CEP. After that meeting, the leader of ALAH [Alliance for the Liberation and Progress of Haiti], Reynold Georges, said that, following that meeting, the CEP had agreed to not publish partial results of the 25 June elections.

CEP Pledges To Correct Mistakes Made During Elections

PA0507010295 Mexico City NOTIMEX in Spanish 2255 GMT 4 Jul 95

[FBIS Translated Text] Port-au-Prince, 4 Jul (NOTIMEX) — The Provisional Electoral Council (CEP) pledged today to contribute to the "necessary correction" of the many irregularities reported during the legislative and municipal elections on 25 June.

The CEP's pledge pertains to the contesting of results that will be disclosed on Saturday by most of the political parties.

"Before the complementary elections and the second round scheduled for 23 July, we pledge to correct the errors made at various levels," a CEP communique stated.

The communique stated that irregularities were detected on ballots and in the distribution of ballots, in communication and security problems, as well as in every citizen's right to exercise his right to vote.

In the Artibonite region, in the western part of the country, several deputy and senatorial candidates from the National Front for Change and Democracy (FNCD) protested at the electoral office.

The FNCD's presidential nominee in 1990 was current President Jean-Bertrand Aristide.

An ultrarightwing group that supported the September 1991 coup d'etat has called a 24-hour general strike on 6 July to protest the 25 June elections.

Approximately 20 political parties, among them the FNCD, are demanding the annulment of the elections and the reorganization of the electoral bodies.

"The CEP will soon present a plan to the political parties that will include the necessary correction of problems that emerged during the elections (25 June) and preparations for the complementary elections," the CEP stated.

The electoral body did not specify the percentage of voters who participated in the first round of legislative and municipal elections, and some observers believe there was a "considerable level" of nonparticipation.

In Port-au-Prince, partial results give the edge to deputy and senatorial candidates from the Lavalas Political Organization (OPL), which supports President Aristide.

Independent candidate Joseph Emmanuel Charlemagne, an artist known by the name Manno, is emerging as the winner of Port-au- Prince's mayorship, defeating outgoing Mayor Evans Paul of the FNCD.

Threats Reportedly Made Against BED Official

Port-au-Prince Signal FM Radio in Creole 1130 3 Jul 95

[FBIS Translated Text] There are big threats being made against the life of (Max Gaspard), secretary of the Gonaives Departmental Electoral Office [BED], who has had to place himself under the protection of Minuha [UN Mission in Haiti, UNMIH] for several days now. A demonstration was held at the initiative of the FNCD [National Front for Change and Democracy] against the BEC's [Communal Electoral Offices] and the BED in the lower Artibonite. Here is Nazaire Dupiton with details.

[Dupiton, live or recorded] (Max Gaspard), who is the secretary of the BED in Gonaives, has had to have his house in Saint-Marc guarded by Haitian and foreign police for more than four or five days now, because of the threats hanging over him. (Gaspard) reportedly did this because last week the FNCD's [communal] magistrates cartel headed by (Rony Jean-Charles) organized a demonstration to protest the abuses the cartel claims to have suffered by not being able

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to participate in the 25 June elections. (Jean-Charles) has strongly criticized Anselme Remy's CEP, and the BED of (Jean Marti Jollybois) and [words indistinct] of crooked wheeler-dealers who are favoring a particular sector.

We point out that the demonstrators were walking around with ropes in hand, shouting: Truss up (Max Gaspard).

Also, the town of Saint-Marc has turned into a veritable terror zone these days. Every night the population complains about the sound of gunfire and, especially, about all the house break-ins occurring in town. It seems that the attaches [plainclothes thugs linked to the Haitian military] who (?took credit for the coup d'etat) are out to make people understand that they are still on the scene.

Lastly, in the vicinity of the ODVA [Organization for the Development of the Artibonite Valley], in the town of Estere a big landowner named Emile was shot and killed when a team of heavily armed men (?attacked him). The men, who were in a pick-up [preceding word in English] that we ourselves were not able to identify, fired a (?.45-caliber slug) [youn karansank eslog] (?into Emile). This situation requires the intervention of the international police force quickly, in the lower Artibonite valley.

This is Nazaire Dupiton in Saint-Marc, Signal FM Radio.

Former Army Officer Sentenced in Absentia

Port-au-Prince Signal FM Radio in Creole
1130 GMT 3 Jul 95

[FBIS Translated Text] A former Haitian Army officer, Lieutenant (Emery Pyram), was sentenced in abstentia last Friday to 60 years of forced labor by a court in Les Cayes. Lt. (Pyram), the former Les Cayes police chief during the coup d'etat period, was found guilty, according to his (?statements), of the murder of university student and teacher (Jean Claude Museau) who was arrested on 30 December 1991 and who died 8 January 1992 after being badly beaten.

We remind listeners that (Museau) had been recognized as being a supporter of President Jean-Bertrand Aristide. He was arrested, accused of pasting pictures of President Aristide on the walls in Les Cayes. According to the medical report, in addition to the physical mistreatment he received, (Claudine Museau) (?told) us he had been forced to eat many of the pamphlets he was distributing.

Les Cayes Public Prosecutor Jacques Pierre, who handed down the verdict, said that the matter is going to continue, because, he says, there are other military authorities—among them the former military commander of Les Cayes—who are accused of complicity in the matter.

(Emery Pyram) fled one day after the multinational forces landed on 19 September 1994.

We note that this is the first person responsible for a violent act committed during the period of the coup d'etat who has been tried and sententenced since the return of President Jean-Bertrand Aristide to power.

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New Government Secretary Calls for National Dialogue

PA0407031895 Mexico City Radio Red Network in Spanish 0000 GMT 4 Jul 95

[Report by Victor Manuel Suberza from "The Night Monitor" newscast]

[FBIS Translated Text] New Government Secretary Emilio Chuayfett Chemor began working at his Government Palace office today. He was sworn in this morning at a ceremony attended by President Ernesto Zedillo. It was an unusual event, considering the entire cabinet was invited to the ceremony.

In part of Chuayfett's speech — his first speech as government minister — he noted that more Mexicans endorse political solutions and reconciliation as a means of implementing changes than those who believe changes are only possible by undermining government institutions.

He invited all political parties to resume their participation in the national dialogue. Following the swearing-in ceremony, Chuayfett defined himself as a politician with principles. Loyalty was another characteristic he claimed to have, and he also defined himself as a politician with ethics.

[Begin Chuayfett recording] I will act with invariable loyalty. I am, and have always been, a politician with principles, and I have strived to abide by them. I do not speak for any particular person or group. I am convinced you cannot serve others if you lack moral authority. [end recording]

At the ceremony, which was held at the National Palace's reception hall and attended by all of the cabinet members, the new government minister said that the harmony-liberty and peace-democratic transitions are not exclusive.

Chuayfett said: Problems must now be brought up, discussed, and resolved. He added: The people must increase their participation in this process.

The government secretary said the nation prevails over political parties and ideological movements. He said we must not be victims of circumstance or get caught in the vicious circle of refusing to participate in a dialogue if all conflicts are not resolved first.

In his speech, Chuayfett honored his predecessor, Esteban Moctezuma Barragan, who did not attend the ceremony. He quoted his teacher, Jesus Reyes Heroles, on two occasions.

Mexico State Congress Names Replacement

PA0307043195 Mexico City NOTIMEX in Spanish 0203 GMT 3 Jul 95

[FBIS Translated Excerpt] Toluca, 2 Jul (NOTIMEX) — The Congress of the State of Mexico today approved Governor Emilio Chuayffet Chemor's requested leave of absence to remove himself from that position and assume the Government Secretariat position.

The 52d Legislature of the State of Mexico, which adjoins Mexico City, unanimously approved the request for a determined leave of absence presented by Chuayffet Chemor, who assumed the office of governor on 16 September 1993.

Last week, the then governor was designated Government Secretary by President Ernesto Zedillo to replace Esteban Moctezuma Barragan, who resigned to become the special government adviser on political reform. [passage omitted]

After approving the leave of absence, the congress assumed its role as electoral college and accepted a proposal by the Institutional Revolutionary Party (PRI) bench and named Cesar Camacho Quiroz as governor-substitute for the 1995-1996 period. [passage omitted]

Labor Leader Calls Product Discount 'Insufficient'

PA0407001795 Mexico City NOTIMEX in Spanish 0220 GMT 1 Jul 95

[FBIS Translated Text] Mexico City, 30 Jun (NOTIMEX) — The Labor Congress (CTM) today said the 25 percent discount on basic products announced last night to alleviate the worker's economic situation is insufficient.

The National Association of Self-Service and Department Stores [Asociacion Nacional de Tiendas de Autoservicio y Departamentales] (ANTAD) promised to cut prices weekly on approximately 10 of the 25 products that comprise the basic products list for a period of two months, with discounts ranging from. [incomplete sentence as received] However, the CTM insisted that a sliding wage scale indexed to the inflation rate should be established.

CTM leader Fidel Velasquez Sanchez said that despite the measure announced on Thursday, labor will continue to demand a 50 percent emergency salary increase.

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Velasquez Sanchez said labor's demands are fixed, stressing that under current conditions the federal government "can do nothing else to alleviate the worker's economic situation" engendered by Mexico's high unemployment rate.

The union leader said workers cannot force the government to satisfy their demands, but they will fight for the establishment of a sliding wage scale which will increase as inflation increases.

Regarding the World Bank's proposal that Mexico change its labor laws, Velasquez Sanchez declared the institution "has no right to intervene" and reiterated that the labor movement will not tolerate changes that curtail its rights.

Likewise, Velasquez Sanchez said he opposed increasing the value- added tax (VAT) to 18 percent, because, in effect, this is an issue that should not worry employers because, in the end, the VAT is paid by workers.

Velasquez Sanchez said this 15 percent is "sufficient bleeding" of workers, and because of this under no circumstance will he allow the VAT to be raised again, which is what the Finance and Public Credit Secretariat and the country's productive sectors intend to do.

Regarding the security program [word indistinct] by the local government in Mexico City, Velasquez Sanchez said "criminals should be dealt with severely; they must be treated that way," emphasizing that it was one more effort to offer security to the citizenry.

Warman Reviews Agrarian Reform Issue

95CA0286A Mexico City REFORMA in Spanish 18 Jun 95 "Enfoque" Supplement pp 12-13

[Interview with Secretary of Agrarian Reform Arturo Warman by Arturo Cano; place and date not given; first two paragraphs are REFORMA introduction]

[FBIS Translated Text] Some 221 million new pesos worth of land were rented or purchased in 1994. For some reason this sizable expenditure does not seem to have solved the knotty problem of Chiapas' agrarian conflict. Without going into detail, the secretary of agrarian reform, Arturo Warman, notes: "We already have a report from the Comptroller's Office on the basis of which we will proceed."

Secretary Arturo Warman, a "harsh critic of the programs for the agricultural sector" according to his official biographical profile, is addressing the crisis of Mexico's countryside with the conviction that the time period during which the promises of the new agrarian legislation were to be fulfilled "was exaggerated in public opinion." "Hopes about the reform of Article 27 persist," he asserts.

Chiapas: Faulty From the Start

[Cano] Chiapas, that is to say, the conflict, has forced us to admit that the reform of Article 27 did not anticipate everything. Don't we also have to admit that there are other areas that have escaped reform as well?

[Warman] What ought to be done in Chiapas is to complete the redistribution. Dissatisfaction was the rule in the Chiapas countryside because the redistribution came late, and redistribution was undertaken through purchases, not a redistribution law. And this left behind a trend and certain defects that are not completely gone. Redistribution via purchases, not via a law, creates defects and distortions. These are the ones that we acknowledge have to be eliminated through the necessary corrections. But there is no more land to redistribute in Chiapas. Redistribution via purchases is not a method that has guaranteed justice but instead has at times promoted injustice.

[Cano] The list of lands purchased or rented is impressive....

[Warman] The traditional route was taken to cope with the emergency, and the land was bought once again, and once again the problem was not solved.

[Cano] What happened?

[Warman] The process was faulty from the start. In Chiapas we have failed as a state but also as a society in achieving a national utilization of land. One of the causes was land purchases. Every 12 or 15 years we are hit by a wave of agrarian demands in Chiapas, and speaking somewhat harshly, what this does is spread poverty, not address it. People asked for land purchases, so action was taken to meet the demand.

[Cano] There are many dubious things about the list of lands purchased. Suffice it to note that the head of the program, Saul Prado Guerrero, bought himself four properties. Is the SRA [Agrarian Reform Secretariat] going to investigate?

[Warman] We already have a report from the Comptroller's Office on the basis of which we will proceed. Allow me to say no more than that, for obvious reasons.

[Cano] There are complaints from peasant organizations about land purchases through trusts.

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[Warman] The trusts have worked very well. One of the problems in 1994 was that the peasants asked for land but did not accept the lands that had been bought. Under the trusts, the peasants are the buyers of the land; they select it from among those that are being offered. So, the trust narrows the gap between supply and demand. One of the problems that we have from the 1994 purchases was that supply and demand were not kept in line. It is not that there was shady dealing, just that people said they were going to buy this land and offer it to a group, and the group arrived and said that it did not want it. Another of the advantages of the trusts is that they create a commitment between the peasants and the government, which lends them money and demands that they be careful. The land belongs to the trusts, and the peasants will be awarded title when the obligation is completely paid off. So this shatters the idea of a one-way gift.

[Cano] The trusts were started with the funds in Procampo.

[Warman] Yes, last year. Unfortunately, the bank interest rate forced us to change this, and a special pro-Chiapas fund was established.

[Cano] If the aid is to buy lands, then where will the funds for production come from? Isn't one hole being filled only to dig open another one?

[Warman] Yes and no. The problem is that we, both the institutions and the organizations, have been unable to convince our colleagues in Chiapas that the same amount of investment channeled into production would lead to greater well-being. The offer to earmark these funds for capitalization is not being accepted, because the people want land.

Agriculture Is Not Enough To Battle Poverty

[Cano] Our country carried out one of the most sweeping and successful agrarian reforms of the century. I am emphasizing the use of the past tense. Does it make any sense for the secretariat you head to be called "agrarian reform"?

[Warman] Yes. This reform has gone through different stages. The first, agrarian redistribution, was very lengthy because it was not uniform throughout the country. We might think that after the redistribution there was a major process of adaptation by the population through the reform. It was a process of organization and creation of institutions, and in this regard the agrarian reform is not over even though the redistribution phase is. This phase compares with other experiences around the world in which after a short agrarian-reform period this stage was indeed regarded as over. In our case the difference is that it is a mandate that is still present after the 1992 reform of Article 27.

[Cano] The conflicts in the countryside indicate to some that security, certainty, which is the main intent of the reform of Article 27, is not yet here. What do you have to say about this?

[Warman] Certainty has primarily a social objective and, secondarily, is reflected in the economy. We are seeing the results of the first part, the social objective of achieving tranquility, an institutional solution to conflicts. To a great extent this is linked to the Ejido Rights Certification and Urban Lot Titling Program (Procede). The impact of Procede is already very noticeable in social terms. The economic impact has to do with phenomena that are often decided overseas.

[Cano] With investment that did not arrive.

[Warman] One of the problems that severely hurt economic development in the countryside was the fact that the peso was overvalued and that our competitive standing was very unfavorable vis-a-vis foreign products that are often heavily subsidized. And for this reason and others, the impact of investment did not proceed at the same pace as the impact of social certainty. A great investment opportunity is opening up now that the exchange phenomenon has been corrected and also because of the Free Trade Agreement, which opens up markets for us. Of course it is very hard to imagine that the countryside will become a favored place for foreign investment. This is an area that is dependent on domestic savings.

[Cano] WIll it be enough to abolish poverty in the countryside?

[Warman] Conditions allow us to anticipate agricultural development, but we have to be very clear about this: agricultural development, no matter how successful it may be, is not enough for us to overcome poverty. There are 30 million Mexicans in the countryside who will not be able to make a decent living from agricultural production alone.

[Cano] Certain statements that President Zedillo has made to leaders of the Permanent Agrarian Congress lead us to believe that "draining off" the rural population is inevitable, that there are too many Mexicans in the countryside. But given urban unemployment, where will these Mexicans go?

[Warman] The position that the president has stated is to bring economic development to the countryside, so that people can find jobs, so that resources other than land can be developed, so that there is rural industrialization. The intention is not to drain the

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countryside demographically, but rather to do away with the factors causing poverty. The interpretation about draining the countryside represents a very extreme deduction from an incontrovertible fact: agriculture or livestock raising will not be enough to sustain the population we have in the countryside.

The Tension Was Intended

[Cano] Diversification is the answer.

[Warman] Yes. Bringing not only productive activities into the countryside but also service activities that provide quality and create jobs.

[Cano] Something like this was supposed to happen, we were told, with the reform of Article 27 and the new agrarian law. Private capital was going to flow in, and we would see a boom in business-ejido member partnerships, which would be successful.

[Warman] I think that these are very lengthy processes. Not even three complete agricultural cycles have passed from the reform of Article 27 to the present. Rural time is defined more slowly, in economic terms, than time elsewhere. The experience has been very brief, and I think that the hopes about the reform of Article 27 persist, but the time period over which it is going to become a reality was exaggerated in public opinion.

[Cano] Let us contrast rural time with social time. There is a social time that may not wait: possible explosions, tension....

[Warman] There is undoubtedly tension, but it is not simply short-term tension. We have a structural tension in which institutions, organizations, behaviors are slow to adapt to the new legal framework. Everything was made to order for a dynamic in which the government was the main actor in the countryside. We inherited a deeply statist inertia. The reform of Article 27 marked a break from this relationship, and structural tension was created. What used to come from the government is no longer coming, thus creating uncertainty and tension in rural life, which was foreseen as one of the effects of Article 27 and, in a way, was intended. This is a violent, structural tension, since we are talking about 50 or 60 years of statism, several generations of peasants who have not known any other model.

More Government Offices, Less Patronage

[Cano] The new policy for the countryside offers less statism. But the number of government offices is multiplying. There winds up being more government intervention.

[Warman] The state's intention was not to withdraw. In no country can the state withdraw from the farm sector, which is subsidized all over the world.

[Cano] The problem is how it will remain. If our growers sell at below world prices, they are being expelled from rural society.

[Warman] They are not selling at below world prices. They are adjusting to world prices. And it was precisely to promote this sort of adjustment that alternative mechanisms of protection were designed, ones like Procampo, which was intended to provide a direct income to growers that would enable them to operate amid factors that the country cannot control because of its weak presence on the international market.

[Cano] Through how many government offices must an organization of coffee or corn growers traipse to solve their problems?

[Warman] The multiplication of government offices does indeed carry a very high bureaucratic price, but it has one advantage: it shatters single-pole patronage in the countryside. Our problem is how to enhance effectiveness and coordination, how to do away with the visits to seven bureaucracies, not how to artificially standardize from above the sources of assistance for the countryside. It carries risks but is very consistent with the democratizing spirit of the reforms. Our task is to take very seriously our obligation to serve, and to generate more effective, more human methods of dealing with people, but not necessarily to move toward a formal, institutional standardization of the sources of assistance.

[Cano] Not toward a supersecretariat?

[Warman] Supersecretariats are not very effective, because of their size and multiplicity of actions. Moreover, they entail the risk of turning into bureaucratic superpowers, and this runs counter to the reforms. The complaints about effectiveness are justified, and we agree with them completely, but I think that it is not right to extend this criticism by saying that the lack of effectiveness is a plan against the peasants; it is a plan to prevent the concentration of bureaucratic power in the rural environment.

[Cano] The restructuring of the SRA is on the way. What will its new look be like?

[Warman] The secretariat has to perform in a more restricted field, but it has to perform much better. Since we are no longer the judge in our own case, our conduct must be impeccable. It must be a secretariat marked by clarity, integrity, and high judicial quality. A less interventionist secretariat, but one that has no less of a

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presence. We have to rethink the secretariat, enhance its quality and effectiveness, but not at the cost of its people. We all intend to retrain ourselves. If we succeed in approaching our model of service and effectiveness, the 9,000 people that we have in the central sector will probably not be enough. We would like to give everyone in this secretariat who is not in trouble with the law the opportunity to join the new model through training. The SRA's performance of its functions is going to translate into tranquility in the countryside and dialogue. If we succeed in becoming a factor that contributes appreciably to certainty, that is instrumental in transforming all of the countryside's resources into assets, then I think that the SRA has a long future ahead of it, a future of growth.

Tabasco Vote Fraud Documents Described

95CA0289A Mexico City PROCESO in Spanish 12 Jun 95 No 971, pp 18-19, 21

[Report by Gerardo Albarran de Alba and Armando Guzman]

[FBIS Translated Text] The opposition's allegations of iniquity and illegitimacy with respect to the campaign spending of the Institutional Revolutionary Party (PRI) in Mexico's elections, in figures:

- Every one of the 17,164,042 votes received by Ernesto Zedillo cost the PRI 18.91 new pesos, the result of official campaign spending of 324,681,340 new pesos.
- Every one of the 297,365 votes received by Roberto Madrazo Pintado cost an unofficial 800 new pesos, considering only the documentation in PROCESO's possession, which reveals spending of 237,871,112 new pesos.

According to the PRI's figures, the Tabasco gubernatorial candidate spent the equivalent of 73 percent of what the campaign for the presidency of the republic cost.

Based on available information alone, it appears that the PRI exceeded the ceiling set by electoral authorities by a multiple of nearly 60 in its Tabasco campaign.

The PRI spent nearly 400 times more on Madrazo's campaign than the Party of the Democratic Revolution (PRD) spent for Andres Manuel Lopez Obrador's race.

"And that does not take into account the spending on the National Solidarity Program (Pronasol) and the Technical Counseling for Rural Areas (Procampo)," the Tabasco PRD leader comments ironically. Each of the 200,087 votes acknowledged to be for the PRD candidate cost less than three new pesos.

Proof of this exorbitant campaign spending by the PRI in Tabasco is the fact that it amounts to nearly 80 percent of the state's public debt, which was 329,576,000 new pesos as of last March, according to the Bank of Mexico.

Verifiable statistics show that Madrazo's campaign cost nearly 10 percent of the budget the state government will operate with this year, which is 2.666 billion new pesos.

Among the documentation turned over to this reporter, seven checking accounts show expenditures of 237,871,111 new pesos during Madrazo's campaign.

Officially, the PRI reported spending only 134.46 million new pesos in Tabasco. Just the "skeletons" of the checking accounts—six in the Banca Confia and one in an unidentified bank—disprove this assertion:

- Account 80-5175-0: spending of 147,856,172 new pesos
- Account 80-5209-5: spending of 20,971,321 new pesos
- Account 80-5211-0: spending of 32,478,679 new pesos
- Account 80-5481-4: spending of 22,312,300 new pesos
- Account 80-5480-6: spending of 3,034,997 new pesos
- Account 80-5472-5: spending of 9,196,952 new pesos
- Unidentified account: spending of 2,020,689 new pesos

Solidarity

The State Executive Committee (CDE) of the PRI spent money on more than just Madrazo's campaign; the two candidacies for the presidency of the republic cost it money as well.

A single tour by Luis Donaldo Colosio cost the Tabasco PRI 2,945,340 new pesos. The heaviest spending was on rented transportation: 1,304,353 new pesos.

And for the close of Ernesto Zedillo's campaign, on 7 August 1994 in Merida, the Tabasco PRI rented 116 buses at a cost of 404,000 new pesos. Fourteen transportation companies were paid on 24 August.

On 17 August, four days before the federal elections, the PRI CDE issued check number 964091 for 500,000 new pesos, for the "electoral process." The voucher does not indicate who received the check.

At about the same time, the PRI state leadership rented a power generating plant for a computer center located

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in Paseo Tabasco. Once the equipment was installed, it paid 20,900 new pesos for its use between 18 and 25 August 1994, and it also had to pay a bond of 89,642 new pesos.

The candidates for other offices also benefited from the PRI's largesse. At the close of Oscar Canton Zetina's campaign for the federal deputy seat representing District V, the CDE spent 48,000 new pesos to feed 12,000 persons, at four new pesos each. Check number 964052 was received personally by Canton Zetina.

The newspaper NOVEDADES DE TABASCO, published by Gerardo Gaudiano Peralta, son-in-law of former Governor Leandro Rovirosa, was paid 184,403 new pesos by the PRI executive committee on 16 August 1994, for "press payment."

Other spending was not so clear.

Jose Alberto del Rivero, press and propaganda secretary of the PRI CDE in Madrazo's campaign, received a check made out to him for 250,000 new pesos on 17 August. The payment was listed as an "electoral matter." At present, Del Rivero is chairman of the Board of Conciliation and Arbitration.

One day earlier, Jorge Abdo Francis, Madrazo's private secretary during the campaign, received a check in his name for 105,000 new pesos, for "support." Abdo became the technical secretary of the state government, and in Villahermosa he is known as Madrazo's "little Cordoba."

A mere four voucher checks, made out to Alfredo Camacho Lara, who was Madrazo's liaison with the national press, come to a total of 155,000 new pesos. The memo says the payment is for none other than "national press (electoral)."

Local reporters also came out ahead. For example, Audelino Macario Rodriguez, owner of the weekly PORTAVOZ, was issued checks 946345 and 961138, for 20,000 new pesos each. The stated reasons were "support for journalist" and "support for the month of August 1994." On the vouchers, Audelino's signature acknowledged receipt.

Crushing Blows

From the beginning, the iniquity:

For the state and district conventions, the PRI CDE spent 313,760 new pesos...just on food for one day.

For Madrazo's swearing-in as candidate for state governor, 38,295 people were transported in 1,237 vehicles.

But things did not always go smoothly for his campaign team.

On 6 November, for one of Madrazo's tours, 38 vehicles were hired to transport 672 persons, and everything fell apart: Instead of 38 vehicles, only 27 were used, and they were only 45 percent full. "The remaining units did not go to the event because there was no one to transport," Cesar Leonardo Perez Conde, coordinator of communications and transport for the PRI CDE, reported in a memo.

The same thing had happened at an "electoral structure" event, at which four 60-seat buses "did not appear at the event because of the lack of participants," and the rest were at 54 percent of their capacity.

And between the buses that were hired but did not go because they were empty, and those that did go but were half full, the local PRI leadership spent 1,304,353 new pesos between 4 October and 7 November.

Security was also costly. Madrazo's wife had five bodyguards, hired by Infantry Lieutenant Colonel Pedro Salazar Padilla Perez. The salaries of the five bodyguards added up to 15,000 new pesos per month.

The country's external image was at stake. The Tabasco election was the last one of Carlos Salinas de Gortari's term, although many considered it the first of Ernesto Zedillo's term, given that he would be inaugurated as president of the republic 10 days later.

On the eve of the Tabasco election, some of the foreign press accredited in Mexico were invited by the PRI CDE. A document in the possession of PROCESO lists the following names: Paul Ganster, Revin Kotrel, Samuel Schmidt, George Bakent, Tim Goutmen, Armando Peschar, George Grabson, Wesles Smatk, Denise Dresser, Alex Zaragoza, and even German Dehesa, who is listed under that heading. All were put up at the Holiday Inn.

The company Paradores de Tabasco, which runs the Holiday Inn, alone was paid by the PRI CDE in a single exhibit for 74 invoices for lodging, food, and direct lines for fax transmissions. The total payment was 144,193 new pesos.

Among the distinguished guests were Oscar Espinosa Villarreal (who later became the mayor of Mexico City), Senator Salvador Sanchez Vazquez, David Colmenares Paramo, and Guadalupe Pineda.

During these times of globalization, there is no way to avoid conducting "strategic planning" studies. The PRI CDE paid an advance of 25 percent, or 104,280 new pesos, to Jose Alberto Aguilar Inarritu for such a study in mid-April 1994.

But the advisers have to have their advisers: Francisco Montero Lozano charged 285,000 new pesos in two

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installments, one of 115,000 and another of 170,000 new pesos.

The Cambio XXI Foundation of Tabasco also contributed and paid 140,000 new pesos as an advance payment for the project "Reform of the Public Administration of Tabasco State."

The Centro Mexicano de Localizacion Industrial charged 721,350 new pesos for four studies. This company had had its invoices printed up in July 1993 in the Del Valle district of Mexico City. Two of them, numbers 007 and 008, were filled out on 18 April 1994, nine months later.

The PRI CDE appeared to have no doubt that Madrazo would win the governorship of Tabasco, and it had 11,000 posters printed up, "in a variety of colors, on *couche* paper of various sizes," with the slogans, "This is how we won," "The PRI won at this voting booth," and "Organized for victory"...three days before the elections. The Grupo Corporativo Gohe company charged 21,780 new pesos for the work.

Just in case there was any doubt, the manipulation reached the point that nongovernmental organizations such as the local Employers Confederation of the Mexican Republic (Coparmex), headed by Carlos Madrazo Cadena (the cousin of the current governor), were paid for a supposed "quick count." The payment for that service was 82,500 new pesos, according to voucher 147357.

The result of the Coparmex "quick count" was: PRI 57.75 percent (compared to the official figure of 56 percent), and PRD 36.32 percent (compared to the official 37 percent).

The opposition is not above being co-opted, either. One example: Federal Deputy Arnulfo Cuevas of the National Action Party (PAN) received 20,000 new pesos.

Offense to Democracy

"You want proof of the iniquity and illegitimacy of the gubernatorial elections in Tabasco? Here you have it," stated Citizen Counselor Santiago Creel Miranda, pointing to 14 boxes containing original documents from the Tabasco PRI Secretariat of Finance. These papers show vote buying, transporting people, local and national advertising, lodging, food, buying off opposition candidates and leaders, payments to supposed nongovernment organizations, election monitoring and exit polls, renting cellular phones, computer equipment, airline tickets, security guards, payments to Evangelical and Catholic clergy....

"We knew little; we suspected a lot. Now we have proof of the extravagant spending, the iniquity and illegality of the spurious government of Roberto Madrazo," declared Andres Manuel Lopez Obrador, former PRD candidate for governor of Tabasco. Since last 20 November, local election day, he has worked unstintingly to clean up the electoral process in his state.

At a press conference on Friday the 9th, attended by invited guests including "common citizens" such as Federal Electoral Institute Counselors Santiago Creel Miranda, Jose Agustin Ortiz Pinchetti, and Juan Molinar Horcasitas, the PRD leader displayed the 14 boxes that "an unknown person" had delivered in the early morning hours of Monday, 5 June to the Zocalo, the main square in Mexico City where the Exodus marchers are camped.

"For the first time, we are seeing myriad evidence of how the political-financial guts of Mexican elections work," stated Jose Agustin Ortiz Pinchetti, still in shock.

The two other citizen counselors, Santiago Creel Miranda and Juan Molinar Horcasitas, were also in a state of shock. They attended the press conference at the invitation of Andres Manuel Lopez Obrador without knowing what the PRD leader would present. All week long he has made the national capital feel the weight of his struggle after walking nearly 1,000 kilometers from Villahermosa to the Zocalo of Mexico City.

"This could lead to criminal charges being filed against individuals who have been manipulating electoral processes. In fact, there may be evidence of federal crimes," warned Ortiz Pinchetti.

Lopez Obrador had asked the press to help him decide what to do with those boxes, but Juan Molinar Horcasitas reminded him that he should go through legal channels and turn the material over to the Office of the Attorney General of the Republic (PGR), because after all, "it has an owner."

It has no more electoral significance, because the Tabasco elections "are a done deal," pointed out Creel Miranda. He did, however, emphasize the political value of the documents.

"It is not right for Mexicans to have our political rights constantly trampled," he stated.

The citizen counselors indignantly recalled the study they had done of the Tabasco elections, in which they had pointed out many irregularities.

Creel Miranda nearly exploded: "You want proof of the iniquity and illegitimacy of the gubernatorial elections in Tabasco? Here is the report we citizen counselors submitted. You want more proof? Here it is," and he

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pointed to the 14 boxes that had been stacked up in front of a table.

And he went on: "You want proof of the Yucatan case? Here are the reports of the Civic Alliance, the Mexican Academy of Human Rights, and our reports on the lack of autonomy of electoral bodies."

The Tabasco and Yucatan electoral processes, according to the citizen counselors, "are Siamese processes."

In conclusion, they demanded that the political parties and the government sit down "once and for all" to complete the political reform "that has become bogged down due to the lack of will on the part of those involved.... We are immersed in a transition, and if the political actors do not take the reins, they will be entirely to blame."

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El Salvador

Calderon Sol on Meeting With U.S. President

PA0407175095 San Salvador LA PRENSA GRAFICA in Spanish 3 Jul 95 p A-3

[FBIS Translated Text] The meeting between Salvadoran President Armando Calderon Sol and his U.S. counterpart, Bill Clinton, the night of 1 July could renew the hopes of the approximately 200,000 undocumented Salvadorans living in the United States.

LA PRENSA GRAFICA telephoned President Calderon Sol in New Haven, Connecticut, yesterday to ask him about the meeting. According to the president, Clinton told him two times there would be no mass deportations of Salvadorans to their place of origin, because "he is aware of their importance to the economy of both nations."

Presidents Calderon Sol and Clinton met at the Presidential Holding room at The Stadium in New Haven, Connecticut, before the inauguration of the Special Olympic Games, which were attended by more than 7,000 athletes from 46 countries in the world.

With satisfaction, Calderon Sol said the main achievement of the short meeting (it lasted almost 30 minutes) was the fact that Clinton promised to appoint a special Security Council delegate to meet with Ana Cristina Sola, the Salvadoran ambassador to Washington, and other representatives very shortly in order to discuss the issue at hand.

Although he did not specify the name of Clinton's delegate or when the meetings will start, Calderon Sol said this will allow them, at a technical level, to find a permanent solution to the problem.

For the time being, Salvadorans living in the United States are enjoying a period of grace that ends next September. This extension was granted to the people who were under the Forced Departure Programs (DED in English), which have allowed at least 200,000 Salvadorans who have entered the United States illegally to stay and work in this country even if they are undocumented.

Asked whether the undocumented Salvadorans would be allowed to extend their work and residency permits for a year or a year and six months, Calderon Sol reiterated that, unfortunately, the deadline is still two months away, because that is what the U.S. law stipulates. "We are looking for a permanent solution, however, so that this situation does not happen," he said.

He said that given the meeting was held minutes before the inauguration of the IX Special Olympics at the campus of Yale University, "solutions could not be expected there, much less could President Clinton, who did not have his advisers nearby, make a commitment. Nevertheless, guidelines were set for a more thorough study of the problem and its solution."

In fact, the forthcoming technical meetings are expected to result in the creation of new mechanisms that will provide more definitive solutions than the previous extensions.

Regarding this point, Calderon Sol said a point in favor of El Salvador is that Clinton acknowledged that a large number of these Salvadorans has arrived to work in the United States, "helping both the Salvadoran and U.S. economies."

The Salvadoran president said given that this issue is a very sensitive one in U.S. politics, for the time being "what we want is to encourage Salvadorans to legalize their situation" through mechanisms such as the Legal Assistance Office established at the Salvadoran embassy in Washington.

Free Trade Treaty

Along with immigration, the two presidents also discussed the developments in the efforts to have Central America included in a free trade agreement with North America.

In this regard, Calderon Sol said Clinton supports the initiative for a law that would grant similar conditions as in NAFTA to Central America and the Caribbean. He said Clinton will promote it with bipartisan support very soon.

"This opens the door to our future entry into a free trade agreement while we reach levels of development and change. We are not at a disadvantage but will have similar benefits so our products can enter the North American market," Calderon Sol said.

During the meeting, the two presidents also briefly commented on the support given to social and reconstruction programs and the consolidation of peace in our country.

"President Clinton again voiced his support for the objectives of peace and reconciliation and expressed his admiration of the hardworking Salvadoran people," Calderon Sol said.

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Guatemala

President De Leon Gives Army Day Address

PA0107202395 Guatemala City Televisiete Television in Spanish 1820 GMT 30 Jun 95

[Speech by President Ramiro De Leon Carpio marking Army Day at the National Palace in Guatemala City — live relay]

[FBIS Translated Text] Guatemalan civilian and military authorities; high-ranking officials of the legislative and judicial branches, Constitutionality Court, and other state organizations and institutions; ladies and gentlemen; special guests Messrs. National Defense Minister of the Republic of El Salvador and Commander in Chief of the Honduran Armed Forces; Guatemalan people:

On the 124th anniversary of the Guatemalan Army, I wish to reflect on the Army's role over the past 12 years, which has been valuable, along with the contributions of other forces, in consolidating political and democratic order in the country. With only a few months to go before turning over the mandate the people assigned to me as president of the Republic and commander general of the Guatemalan Army, today we commemorate another anniversary of the 1871 liberal revolution, which marked the beginning of the professionalism of the Guatemalan soldier.

In August 1983, the Army became a basic support for democratization, reclaiming and deepening the principles that brought an end to continuous governments, electoral fraud, corruption, and the violence stemming from domestic armed confrontations, aspects which make up the saddest and most painful chapters of Guatemala's political history.

From that date forward, the Army followed the established schedule for returning the country to constitutional rule and promoted in 1984 the election of the National Constituent Assembly, which our current political Constitution decreed, sanctioned, and promulgated. This political constitution was a necessary social and national pact that made the 1985 election process viable, thus preparing the way for the first civilian government of the period.

From 1986 through 1991, the Army opposed and rejected coup d'etat attempts encouraged by dissatisfied groups with strictly personal interests. When punishing infringers, the Armed Forces knew not only how to purge its ranks but how to strengthen its institutions and guarantee democratic order and national political stability. This course had a great bearing on the incidents of May and June 1993, in which the Army played a key role, along with other civilian forces and democratic institutions, in guaranteeing the country's return to observance of the Constitution, which was broken by the self-inflicted coup.

The very presence of the Guatemalan Army today in Constitution Plaza, similar to last year, is an important symbolic act of respect for the political Constitution and support for the country's democratic process and institutions.

These reflections on the Army's role in the recent past and its mission, following a state of law state subordinate to civilian power, should be considered important future premises for basic decisions that will allow its modernization and technological advancement in step with the changes taking place domestically and internationally, which require strong institutions with highly-qualified personnel.

Guatemalans, as we consolidate our institutions and do our best work, we will be better prepared to fulfill the national goals upon which this administration has focused: strengthening the democratic process, consolidating the state of law, fighting extreme poverty, finding peace, and modernizing the state. These goals are being met. Democracy in a state of law would not be feasible without the constitutional reforms and the cleanup and purge of state institutions and organizations which have guaranteed advancement toward state modernization.

The scheduled electoral process has become very important because it comes at a time when there is an irreversible democratic government, a functioning legal state, and a peace process that is reaching agreements that will improve the country by making possible the legal insertion into society of those few Guatemalans who are still bearing arms.

Fighting extreme poverty, which is a permanent national objective for this administration and undoubtedly for future administrations, would not be possible without openness in the administration of state resources, under the democratic conditions we have objectively consolidated, and without the guarantee that the legal state and peace efforts are realities today.

These actions require protagonists and resources. These protagonists are present in all strata of society and include Guatemalan soldiers and our friends from the international community.

Democracy, a state of law, peace, common welfare, and institutional modernization would not be possible without these protagonists. As president of all Guatemalans, as commander in chief of the Army, and as a friend of the international community, I want to acknowledge these efforts, especially those of the armed institution for its valuable contributions to better prepare Guatemala

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to face a future of peace, development, and well-being with optimism.

I want to leave on record that the armed institution has been ever present in the pursuit of these grand national objectives, and despite the problems and obstacles of which we are all aware, it has fulfilled its mission in the fields of development, compliance with the peace process, safeguarding the democratic political order, and, fundamentally, in maintaining an institutional attitude in line with the state of law.

One year ago I announced the government's administrative decision to suspend obligatory military recruitment, leaving it exclusively to voluntary military enrollment until Congress is informed on the issue, discusses it, and approves a bill to reform military conscription so it meets the requirements of the country's defense and the capabilities and needs of the armed institution and the people.

All this will take place within the framework of the Constitution and democracy, of course.

With the exception of special and specific cases of which we have been informed and that have been resolved, voluntary military service has been respectfully obeyed this year.

Despite the fact that Congress has not yet legislated on this matter, I want to acknowledge now that the Army has professionally overcome the difficulties posed by the absence of a law on military recruitment.

Likewise, in the same way the Army has suitably conformed to this provision, I appeal to the young citizens of Guatemala to voluntarily fulfill this civic and patriotic military duty established by our Constitution.

I also urge the honorable Congress to legislate on military service as soon as possible. This legislation must consider respect for human rights. Recruitment must not be discriminatory or be conducted through force or violence, and it must not affect minors.

I urge professional soldiers in the Guatemalan Army to continue filling vacancies through constant activities with the responsibility the Army and the fatherland deserve, to do it in the framework of the administrative provision while we wait for Congress to approve a law governing this.

The responsibility with which the Army has promoted its own transformation arises from its patriotic nature. The Army is thus adapting to the transformations the Guatemalan state is making for the sake of national interests.

The changes in the Armed Forces result from the seriousness with which this institution has assumed its role in the nation, from the vision we have of the armed institution in a fully democratic society, in a world constantly changing, in an era of greater interdependence among nations, and in support of the regional democratic security agenda established in the Tegucigalpa Protocol, which establishes that democracy and peace processes have given us a new facet of regional security that includes new elements, such as the struggle against poverty, strengthening the legal state, the idea of a new environmental order, education for peace, and the promotion of sustainable development.

Institutional modernization means a process of change in state institutions to make qualitative development feasible in keeping with the requirements of a democratic and economic globalization and with the expectations of the international community.

In considering the record of the Guatemalan Army over the past 12 years, it becomes obvious that we must acknowledge the important changes in the Armed Forces which have placed the institution in a suitable position to face new challenges, such as its outstanding participation in the multinational UN force in Haiti.

The goals of facilitating the administration of justice in matters involving Army personnel and objectively identifying a new peacetime role for the Army are topics on the military agenda that this government has been able to accomplish with the military. They are not just fond wishes, they have become realities. The military agenda also includes a true peace, which this government has also been able to accomplish.

Fellow citizens, the Army has undergone changes, and its efforts toward professionalism are praiseworthy. Last year I announced we were going to put the military training cycle and the university courses on the same schedule, which has allowed new officers to be trained in the fulfillment of their military duty.

Likewise, I was pleased to report on the work by a group of high-ranking officers who obtained masters degrees in administration of human resources and technology. I must announce that this effort has produced and will continue to produce the expected the results, not only for the officers but for the benefit of the armed institution and Guatemala.

The peace that is seeking opportunities through civilized, peaceful, and political means today cannot lead to a drop in national and institutional values. On the contrary, peace should rescue and build these values, which is the duty of all sectors of society, state institutions, and our friends abroad. Only then will peace be everyone's victory and a reality, not just a table upon which revenge is sought. The peace negotiations must

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reflect that. Peace means reconciliation. It is the reconciliation we are experiencing today at Constitution Plaza, where officers, soldiers, Guatemalan people, the president, and friends of the international community are present. Only then will peace be everyone's victory and a reality, not just a table upon which revenge is sought. The peace negotiations must reflect that. [repeats] As I said before, peace means reconciliation, opportunities for development, integration, and national unity, the end of the internal war, solidarity, and victory of life over death.

As a result, the government believes the basic objective of attaining peace is accomplished by guaranteeing the consolidation of the Army by promoting its modernization and strengthening the professionalization of its members. Bearing the future in mind and evaluating the processes for the transformation of the Armed Forces, I want to call upon all Guatemalans to continue the efforts to promote the changes we have been promoting so we can build a modern country with peace, work, and development, all indispensable conditions. We must all responsibly share in the challenge of renewing ourselves, because I am convinced the past of cruel and destructive confrontation is behind us. I am convinced the peace negotiations are irreversible. In this framework, we have the certainty that we have reached the end of the armed conflict. We have unlimited resources that stem from our people and from our friends in the international community.

We have been able to strengthen our development institutions as well as the processes for community, municipal, and governmental decentralization. In sum, we are better prepared today to fearlessly face the transformations we have promoted for the benefit of the nation.

In this spirit, I want to acknowledge the efforts made by all those citizens who, like military officers, conducted missions for the defense of the state during the most difficult times of the internal armed conflict. I want to acknowledge their presence in those remote parts of the country where state institutions were absent and where there was a lack of government representation.

In addition to admitting the problems and typical flaws in missions of this sort, it is fair to describe as positive and efficient the work they have done for the benefit of the communities and their support for the Army during times of war and peace.

I also want to stress that because of institutional development, the consolidation of the state of law, and the premise of peace, the Army's structure is no longer necessary because the presence of the government and the local powers are emerging and growing stronger everywhere in the country. The work of the military commissioners now belongs to the development institutions, the local and municipal authorities, the various service organizations, the executive, and the other state branches through their representatives.

Today, by virtue of the constitutional and legal powers invested in me and the high command, I have decided to begin dissolving the military commissioners as of 1 July. This process should conclude by 15 September 1995, when those officers will be duly honored for their work and commitment to the country.

Guatemalans, today I also want to thank all those Guatemalan soldiers who died for the fatherland. They are here with us and guide us with their example and sacrifice in the creation of a new Guatemala. I also want to thank all soldiers and military personnel of the Guatemalan Armed Forces everywhere in the country who are fulfilling their duties and missions. They constitute a key bulwark in the preservation of the victories achieved for the benefit of our people and the functions established in Guatemala's political Constitution.

Officers, soldiers, and Guatemalans, for more than 30 years we have commemorated this heroic day under the lurid glow of a domestic conflict, with its characteristic excesses and flaws. Today is the last time I will preside over these ceremonies, and I want to express my strongest humanitarian hope that this will be the last 30 June we commemorate bearing in mind the sorrow and concern of knowing that precisely at this moment, our Guatemalan brothers are dying, leaving orphans, widows, desolation, destruction, grief, and more disunity among Guatemalans.

Ladies and gentlemen, I want to restate my commitment to democracy and my respect for human rights and the state of law. I pray to God to illuminate us and give us the wisdom to help Guatemala become the country we all want, with peace, justice, progress, and solidarity. Thank you very much.

Defense Minister Gives Army Day Speech

PA0307201795 Guatemala City Televisiete Television in Spanish 1800 GMT 30 Jun 95

[Speech by Defense Minister General Mario Rene Enriquez on Army Day at the National Palace in Guatemala City — live]

[FBIS Translated Text] Your excellency, the constitutional president of the Republic and commander in chief of the Army; your excellency, the constitutional vice president of the Republic; honorable officials of

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the executive, legislative, and judicial branches; general commander of the Army and minister of defense of El Salvador; general commander of the Honduran Armed Forces; chief of the general staff of national defense of Guatemala; your excellencies ambassadors and members of the diplomatic corps; general, brigade, military zone, base, and military entity commanders; distinguished members of the national and international press; honorable military attaches of friendly nations; general, higher, non-commissioned officers of the Guatemalan Army and the armies of our friendly nations who are here with us today; special forces and troops of the Guatemalan Army; historic battalions; members of the voluntary civilian defense committees; special guests, ladies, and gentlemen:

It is truly an honor, once again, to address the four corners of our country marking Army Day. I do so well aware of what our society is experiencing in this important time in its contemporary history.

These are times marked mainly by the revitalization of the Guatemalan political system, by the hope of concluding the internal armed conflict in a peaceful way, by the efforts to modernize the Guatemalan State in order to gain access and meet the demands of the world economic system, and by a willingness to attain that much longed for peace, through a new form or culture and education.

For these reasons, the Army finds it necessary to stress what we believe to be essential to bring an end to the internal armed conflict: to find reconciliation among the Guatemalan people, to build peace, and to define the changes that society, as a whole, must make in order to substitute war with peace and reach overall development levels capable of rescuing us from backwardness and poverty.

The internal armed conflict has surpassed all limits of tolerance and rationality, not only because of the enormous damage it has inflicted upon the nation's economy, but because of the pain and sorrow it has brought upon the Guatemalan family.

This ideological and military struggle, which knows no boundaries, led the revolutionary movement and its strategy of aggression to try and overturn the status quo. At the same time, the disoriented Guatemalan political system discredited the election process as the fundamental element of democracy. Thus, violence replaced consensus. That has been Guatemala's terrible tragedy.

Despite all of this, we now can say that the Guatemalan people have taken firm and sure steps — although not yet the best ones — to find the right path and recover, through democracy, human values founded upon the recognition of universal human dignity and man's undeniable fundamental rights and freedoms. This is why the long peace negotiation process has created high expectations among the Guatemalan people.

However, such expectations have not become a reality as swiftly as the government would have liked, mostly because the process has been used as an instrument of political revenge and as a means of claiming victories where the armed conflict was unsuccessful.

Nevertheless, it is indispensable to accelerate that process. It is essential for our society to silence weapons and to stop looking for excuses to prolong a situation that has not resolved any of our problems. It is also necessary to convince ourselves that this process will not resolve, by itself, the old problems of the nation, because we could never resolve in a bargaining table the complexity of our society.

In fact, trying to do this would be an act of political arrogance or ingenuity. To make people believe this is possible would be an act of demagoguery. The success of that peace process will therefore depend upon a deep awareness of reality and what it allows us to accomplish.

Consequently and aware of our role for the future, I want to summarize this message by reporting to the people of Guatemala our institutional readiness to assume the new role of the post-war period. This has been and continues to be a quiet but definitely effective and necessary work to ensure to our people the existence of a more professional Army, totally identified with democracy, the state of law, respect for human rights, and obviously the consolidation of a culture of peace.

In the Army, we are training conscientiously to carry out with responsibility the role that the constitution has assigned us with: namely, defending the national sovereignty and guaranteeing foreign security.

In addition, even though some political sectors have questioned the possible participation of the Armed Forces in support of civilian authorities to safeguard internal order, to avoid the depredation of our natural wealth and our cultural patrimony, and to work in building the necessary infrastructure for development — in which we have been very efficient — we are ready to fulfill any mission that in the future freely elected civilian authorities may assign us with.

We are now on the threshold of a new era which promises to be bright for the life of our nation. That is why we insist on the optimism all Guatemalans must share with effort and dedication, understanding the sacrifice, example, and good intentions displayed by a transition government led by Ramiro De Leon Carpio.

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This government has rescued and guaranteed, for the most part, the aspirations of citizens' freedom — I affirm and insist on this — given the great responsibility entailed by finding appropriate ways to lead the fatherland, even though no conditions existed in the past to reinforce the attempts to undertake a real project.

That is why today, we must speak of a strategy against war. We must speak of a strategy to defeat war, namely a strategy of peace. The victory of this strategy will primarily consist of recognizing that war is not the only way of antagonism, but also and above all, that struggle is not the only way of life. If the conservative western tradition has frequently minimized the reality of the struggle, we must intensify now, as much as we can, the solidarity among all Guatemalans.

That is why a strategy based on the design of a national project as well as the development of a program guaranteeing the exercise of individual and social rights of all Guatemalans is necessary. This strategy must result from identifying common interests and making it possible to accomplish them.

To this end, we must take into account the differences among men and the different social, political, and ethnical groups. This should not be done to take advantage of their contradictions but to overcome them from the pursuit and consolidation of a national identity, as well as the proclamation of national objectives.

We need a national project that transcends the partisan interests of presidential terms. It must define goals to be reached in the short, medium, and long-term. To that effect, we must not postpone our commitment to eliminate any attempts to keep Guatemalan society polarized.

We need a peace strategy that takes into account that the political awakening of the different social sectors, in addition to their struggle for their rights, should not become a force that tries to destroy what has already been established, but must instead define the need to modernize what already exists in order to make it more functional.

We need a peace strategy that returns the dignity to all Guatemalans; that will provide equal conditions for human development based on the fair distribution of wealth; that recognizes the rights of the different peoples who make up our nation; and that unites beyond our differences all Guatemalans without distinctions of race, religion, sex, or social status.

It must be a peace strategy that will not be the monopoly of one sector, but, on the contrary, represents the noblest dream of our beloved people. Only this way will we be able to defeat war. Only this way will we be able to reject the option of a confrontation and offer an opportunity to those who seek full legality and political participation.

Guatemalan soldiers, as defense minister I salute you even in the most remote regions of the country where you may be today. We are remembering the soldiers who have defended this blessed land from pre-Hispanic days to the present, as well as the captains who commanded them.

From Quiche Prince Captain Tecun Uman, grandson of the great Chicam, to (Kahim Sham), prince of the noble Cakchiquel people, to Prince (Kaidil Balam) of the Mam people, to Juan Matalbad of the (Kekchi) people, to Captain General Rafael Carrera, hero from the battle of Laroda, to Field Marshal Jose Victor Zavala, commander during the fight against filibusters in the National Central American War, as well as to other great personalities: our distinguished General Justo Rufino Barrios and Garcia Granados.

Let us feel proud to have followed their example, and as a tribute to their memory, let us open our hearts to peace in a humble and noble gesture. Let us extend our hand to the armed opponent in a meeting to bury differences and the war between brothers once and for all.

To conclude, on behalf of the soldiers of history, I ask God Almighty to bless the Guatemalan people, to protect the victims of the armed conflict, to enlighten the minds of negotiators to reach peace as soon as possible. May He protect the soldiers of today and tomorrow and may He let national reconciliation be the path through which all Guatemalans will aspire to a future of justice, peace and development for the new generations. Thank you very much.

Nicaragua

Envoy: U.S. Doing Nothing To Fight Drugs

PA0407174995 Mexico City NOTIMEX in Spanish 0055 GMT 4 Jul 95

[FBIS Translated Text] Mexico City, 3 Jul (NOTIMEX) — The United States, which registers the largest consumption of drugs, is doing nothing to fight this scourge and is only demanding punishment for Latin America, because "it says we have the plantations," Nicaraguan Ambassador to Mexico Ernesto Rosas Fonseca has said.

In an interview with NOTIMEX, Rosas has said approximately $400 billion in drugs are consumed in U.S. territory each year, a figure which is "outrageous," but "nothing is being done to fight drug trafficking within the United States."

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"We never hear about the existence of a drug lord in the United States or that he is being pursued. All the punishments the United States wants are for the Latin Americans, because it says we plant the crop," the diplomat has said.

"Nothing is said, however, of the big drug trafficking business going on in the United States, in which a huge number of people live," he said.

Rosas Fonseca has criticized the U.S. attempts to become the guardian of justice and peace in the entire world, because "that is not the case," given that thousands of crimes are committed in this country and there is corruption. He who does not want to see it "is blind," he has said.

In Latin America, "we know and figure" that the United States is the largest drug consumer in the world. He has said the actions taken against drug trafficking will always be useless if consumption and the demand for drugs at such high levels is maintained.

In order for the actions to be successful, "I believe the best thing we can do to put an end to the drug problem is to legalize it."

Drugs could at first be sold freely as it was with alcohol in the United States during the depression. The "expensiveness" of the drug and, therefore, drug trafficking would be eliminated.

The Nicaraguan ambassador has said, however, the consumption of drugs could at first experience an increase but should decrease in the long term, and we "would eliminate what is undermining our countries in Latin America and the entire world; that is, corruption."

Panama

Government Considers Granting Asylum to Cuban Rafters

PA0307180095 Panama City LA ESTRELLA DE PANAMA in Spanish 3 Jul 95 p 1

[Report by Cristobal A. Chen]

[FBIS Translated Text] An official spokesperson has reported that Panamanian authorities are studying the possibility of allowing five Cuban rafters, who escaped from the refugee camps after the riots last year, to stay in Panama.

Osvaldo Velasquez, president of the Panamanian Human Rights Committee (CPDH), told LA ESTRELLA that he discussed "the current situation of the Cuban rafters who still remain in the country," during a meeting with General Migration Director German Gil.

Velasquez explained that "the measure could take some time, because several authorities and departments must still be consulted, including the Foreign Relations and Government and Justice Ministries."

He added that "it seemed that the Cubans' request would be postponed, but the authorities are still working on it."

At least 10,000 Cuban rafters stayed in Panama as refugees under U.S. Army custody, from September 1994 to March 1995.

The refugees staged violent protests against the U.S. military on 7 and 8 December at the camps located at Nuevo Emperador and Arraijan, following their demands for freedom.

During the incidents, three rafters drowned while trying to swim across the Panama Canal, while others were injured during the violent clashes.

Thereafter, the U.S. Government transferred some of the refugees to Guantanamo Naval Station, Cuba, and granted visas for the United States to others, when the six-month period the Panamanian Government had granted for their stay ended.

Government Signs Cooperation Agreement With Israel

PA0307211195 Panama City LA ESTRELLA DE PANAMA in Spanish 1 Jul 95 p 11B

[Unattributed report: "Panama and Israel Sign Education Agreement]

[FBIS Translated Text] The National Government and the Ambassador of the State of Israel, His Excellency Yaacov Brakha, signed a technical cooperation agreement to promote technological and cultural exchange between both nations. The signed accord involves the offering of scholarships and technical assistance of an Israeli education adviser.

The signed technical cooperation agreement establishes that the State of Israel will provide the Government of Panama with an education expert for a period of two years, with the option to extend him for one more year. He will advise the Ministry of Education on scientific and technological issues.

At the cooperation agreement signing ceremony, Education Minister Dr. Pablo Thalassinos expressed his satisfaction for the support received from the State of Israel, which will not only allow to strengthen the ties of friendship but also in the cultural, technological, and scientific fields.

Additionally, Dr. Thalassinos stressed that in a recent visit to Israel, he was able to corroborate the great

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progress made by that friend nation and the interest in supporting the Government of Panama.

Dr. Thalassinos asserted that Israel has offered scholarships to train high-ranking education officials in the field of science and technology. The number of scholarships will reportedly increase next year. He also made reference to the offer made by the Hofren Institute of the Israeli Training Center specialized in training high-ranking education officials and teachers in the areas of education, science, and technology.

The Government of Israel will also train 150 teachers who work in poverty-stricken areas of Colon, San Miguelito, El Chorrillo, and La Chorrera.

His Excellency Yaacov Brakha, Israeli ambassador accredited in our country, stated that his government is opening a page of technical cooperation between two friend countries. He added that Israel is willing to support Panama in the field of education, science, and technology, factors that have been crucial in the development of a nation.

President, Workers Meet on Labor Law Amendments

PA0407153395 Panama City LA PRENSA in Spanish 1 Jul 95 p A-3

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] At the presidential palace yesterday, President Ernesto Perez Balladares met with a group of workers who oppose the amendments to the labor law. Government sources have disclosed that labor leader Genaro Lopez did not attend the meeting.

The Labor Ministry summoned Lopez of SUNTRACS [Single National Union of Construction and Related Workers], Jose Morris of the banana plantations, Mario Smith of the Bocas del Toro SITRACHILCO [Union of Chiriqui Land Company Workers], and Paulino Cedeno of the independent banana workers. Morris did not attend either, however, because he was involved in a traffic accident in Tole, Chiriqui, but reportedly was not injured.

Present at the meeting were Assembly President Balbina Herrera, Housing Minister Francisco Sanchez, Labor Minister Mitchel Doens, and labor leaders Smith and Cedeno.

According to Sanchez, "today, unfortunately, everyone was not able to attend. A week ago, we met with delegates from the unions that oppose the reforms, and they expressed the need for a reunion," the reason why yesterday's meeting was held.

Perez Balladares said the government "is willing to attempt a concerted effort that would benefit all Panamanians, because it is important to try to achieve a consensus."

After two hours in session, Doens said the labor leaders voiced concern over the issue of labor related mobility.

"We have agreed to hold a meeting with the Pacific and Atlantic area board members next week in Changuinola. At that time, we will set forth the reforms on which the Tripartite Commission has reached a consensus," Doens said.

Doens said that the meeting at the Presidency was held in an atmosphere of respect and that "we will continue talking next week, because we have the resolve to find specific solutions," he added.

Lopez announced yesterday morning, however, that he will not attend the government's meeting, because delegates from the 42 labor unions opposed to the reforms have not been invited.

He also said the invitation is an "attempt to divide the opposition, to which we will not lend ourselves."

Lopez said delegates from the 42 unions and federations will meet in Changuinola to examine the steps they will take to deal with the reforms, "and we already pledged" over the weekend to attend that meeting.

The government supports a "package" of 92 labor law reforms that are rejected by the construction and banana plantation workers, who consider it negative for union members.

Hipolito Alvarado, the SUNTRAC recording and correspondence secretary, also said the government "is trying to make us disregard the summons to participate in the big Bocas del Toro meeting."

"The summons to the government's meeting is a trap to undermine our strength, and we will not fall into it," he said.

Alvarado said if the president "wants to talk with us, he must summon the 42 organizations" that are opposed to the labor law amendments.

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Argentina

Di Tella on Chances for Oil Agreement With UK

PY0407225795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1807 GMT 2 Jul 95

[FBIS Translated Text] Buenos Aires, 2 Jul (NA) — Foreign Minister Guido Di Tella said today that there is "a 50-50 chance" of reaching an agreement with Great Britain to jointly exploit the oil reserves in the Malvinas Islands.

Di Tella said that YPF [Government Oil Deposits] and British Gas expert negotiators had "made a lot of progress" in their search for an agreement. Di Tella admitted, however, that "many very sensitive aspects remain" before we can close a deal.

The foreign minister said that "business interests have been pointing out to the Argentine and British Governments that we are not talking about meaningless issues, but about practical and concrete possibilities," though he added that progress must still be made on "jurisdictional aspects."

"A few months ago I would have said that I was very skeptical about the possibilities of an agreement. Today I think we have a 50-50 chance," the minister told EL EXPRESO.

The foreign minister said that both sides know that "even though they are not sure about the existence of oil in the zone, and much less certain of the undertaking's possible profitability, two large companies, British Gas and YPF, have expressed their interest in joining efforts to explore for oil in the zone."

With respect to the "jurisdictional questions," Di Tella said that his ministry's position "in the negotiations is based on the principle that we cannot move forward, not even by a tiny bit, if in the process we put into question our claim to sovereignty."

Di Tella downplayed the Malvinas inhabitants' threat to hold a unilateral bidding to explore for oil in the zone.

"First they said they would do it at the beginning of the year, then that it would be in April, and then in June. It is obvious that they are conscious of the tremendous difficulties they will have to face if they act in that way," Di Tella said.

The minister said: "All the parties are aware that if they act unilaterally" the Argentine Government will fulfill "its promise to sue oil companies that extract oil that we claim is ours."

"A business like this one demands large investments, and cannot be subject to legal insecurity," Di Tella stressed.

Stance at Defense Ministers' Summit Previewed

PY0407173195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2008 GMT 2 Jul 95

[FBIS Translated Text] Buenos Aires, 2 Jul (NA) — Lieutenant General Mario Candido Diaz, chairman of the Joint Chiefs of Staff, has announced that at the summit of defense ministers of the Americas, Argentina will put forward its proposal for the implementation of policies geared to preserving world peace.

To that effect, Lt. Gen. Diaz explained that "one of the key elements" of the meeting will be to find strategies that seek to "serve democracy, advance measures to bolster confidence, and contribute to world peace."

The chairman of the Joint Chiefs of Staff told the press that "the contribution by the United Nations and countries of the Western Hemisphere to these operations will be more clearly defined at this meeting."

Moreover, he expressed the belief that "important points to be borne in mind for future planning will also be defined" at the meeting.

Diaz has been charged with the writing of a paper to be read at the meeting of the defense ministers, the first of its kind, to be held 24-26 July in the city of Williamsburg, Virginia, in the United States.

The chairman of the Joint Chiefs of Staff further stated that the purpose of the meeting was also to help defense ministers become acquainted with each other and to promote a more sustained dialogue "between civilian and military authorities on defense matters that are common to the entire hemisphere."

Diaz stressed that "the fact that activities like this one are becoming more and more frequent unquestionably shows the increasingly significant role of these meetings in the international arena."

In this regard, he was of the opinion that "it is precisely because of these increasingly common phenomena and the difficulties they bring about that we are obliged to seek and devise solutions for the new problems we face when implementing operations."

Diaz asserted that "the search for lasting world peace constitutes the guiding principle by which all participants at the meeting will be governed."

According to the chairman of the Joint Chiefs of Staff, this is the principle that should guide the debates at the meeting "so as to find a solution to all the difficulties we face in executing suitable measures for seeking world peace."

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Tucuman Province Governor-Elect Bussi Interviewed

PY0507031295 Buenos Aires LA NACION in Spanish 4 Jul 95 p 14

[Report on interview with Tucuman Province Governor-elect General Antonio Domingo Bussi by Sergio Levit in San Miguel de Tucuman; date not given]

[FBIS Translated Text] [Levit] Some people say that your past condemns you. In addition to being considered a victory by your party, is yours a personal victory over your critics?

[Bussi] No. It is not a personal victory. It is the cumulative consequence of a number of factors, including my performance as operations commander here in Tucuman.

[Levit] The people waiting outside are looking for jobs...

[Bussi] Jobs and justice.

[Levit] What will you do to create jobs?

[Bussi] The same thing that our predecessors did. We will help the productive apparatus. Here we have a fertile land and men willing to work.

[Levit] Will you continue to implement the privatization program?

[Bussi] Everything that does not have an immediate use will be privatized, but with a different method. We are not going to auction our ancestors' heritage. Privatizations will be carried out with total clarity.

[Levit] What will the transition between the outgoing and incoming administrations be like?

[Bussi] I talked with Ramon Ortega. We will meet tomorrow (today). We will have an orderly transition and will demand a clear account of the situation.

[Levit] Why do you think the UCR [Radical Civic Union] performed so poorly?

[Bussi] They are good as an opposition, but their proposals are a thing of the past.

[Levit] Who do you fear the most: Menem, Cavallo, or Bauza?

[Bussi] I am not afraid of any of them. We will maintain our constitutional relations with all of them. We will cooperate if necessary, but will look to the interior of the province more.

"Frightening Crisis"

Bussi believes that it is urgently necessary to call on all provincial political groups to overcome what he characterized as a "frightening crisis; we cannot leave anyone on the streets, because that would be tantamount to pushing him back into the jungle," the new governor said.

Bussi said, that in principle, he will not reduce the number of administrative employees, adding that Ortega had made progress on this front during his administration.

Bussi said that "the reduction of the state public administration must be carried out through growth and by encouraging private activity. The private initiative will then create new jobs."

The former military governor denied that the national government intends to make him pay the political price of the adjustment that is expected in the province. "What the government wants is efficient provincial administrations," Bussi said.

The New Cabinet

Raul Topa, the new vice governor-elect, is working quickly at the Republican Force headquarters to form the future provincial cabinet.

Only two names have been confirmed so far. First, Fernando Lopez de Zavalia as president of the Constitutional Court. He will occupy a position that was created when the provincial constitution was reformed. The position has never been filled before.

Second, Mario Fattor will possibly become provincial economy minister. Fattor was the provincial governor during the military process. He is currently working with Economy Minister Domingo Cavallo. Anyone who wants to hear can go right ahead.

Bolivia

Dialogue on Decentralization Evaluated

PY0507020795 Cochabamba LOS TIEMPOS in Spanish 24 Jun 95 p A5

[FBIS Translated Text] La Paz, 23 (ANF) — The president's initiative to summon other sectors — such as the media, the Catholic Church, unions, the Armed Forces, and private business, which had not taken part in the debate on the administrative decentralization issue — was beneficial more to the government than to the Departmental Civic Committees, which are the principal actors in the controversy created by this issue.

With the exception of the Civic Committees and the Bolivian Labor Federation, the majority of those invited to the presidential dialogue expressed opinions similar to the general guidelines proposed by the executive branch for implementing the administrative decentralization process.

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After five days of meetings, there are clearer criteria on this issue, which must be taken into account in having the respective law approved in Congress.

The first criterion is that decentralization must be within the framework of the Constitution, preserving the unitary system of the nation. This means rejecting the direct election of Departmental Council members, because the Constitution in Article 223 only allows elections for president, vice president, senators, deputies, and municipal councilmen.

The second criterion, on which there was agreement during the meetings, is that after the promulgation of the Popular Participation Law the decentralization process gains a new character, because in practice the Popular Participation Law already represents progress in the decentralization process, which also corrects the historical injustice in the distribution of resources that benefits the large cities to the detriment of the small cities and provinces.

The third criterion is the general agreement about the need to strengthen the Departmental Councils and give them the necessary powers to carry out a real auditing of the departmental prefects.

It was also emphasized that the decentralization issue has already been debated for years, and that this is why its approval as a law by Congress this year can no longer be delayed.

In this regard it was also agreed that the prompt approval of the decentralization law would help prevent the politicization of this issue, especially taking into account the upcoming municipal elections this year.

Although the majority of the leaders invited to the presidential dialogue agreed on these points, no major progress was made in the meeting with the Departmental Civic Committees, held on 22 June, because the committees reiterated their position as established on 7 June in Cochabamba.

Although the civic leaders expressed their respect for the Constitution on this issue, and reiterated that they don't advocate the federalization of the country, they insisted on the need to elect the members of the Departmental Councils and to make them into deliberating, regulating, and auditing bodies.

This proposal was also supported by the Bolivian Labor Federation, but in a contradictory manner. Although the federation believes that the members of the Departmental Councils should be chosen in elections, it notes that "the members should be elected through participative democracy in each social sector, in other words, through the natural organization of the workers..."

In face of this proposal, the government position says: The direct election of the members of the Departmental Councils means the creation of sovereign powers outside those legitimately established by the Constitution, and the transformation of Bolivia from a unitary system to a federal system of government.

President Gonzalo Sanchez de Lozada told the leaders of the Departmental Civic Committees: "If you believe it is necessary to have a federal system of government, you should then start working toward reforming the Constitution. We will debate it in Congress and make the change."

The government position is that the appointment to the Councils of the prefects and representatives of the municipalities of the regions is an intermediate formula that harmonizes the existing positions around this issue, as it does not take any powers away from the prefect and does not restrict the powers of the councilmen before the prefect.

Although the Civic Committees prefer direct election of the councilmen, they are willing — "as a sign of opening up to a frank dialogue and real agreement" — to accept the temporary appointment of Corporative Councils made up of representatives of institutions of each region.

This possibility had already been proposed during the civic-political meeting held in Sucre last May. Although the Civic Committees of Santa Cruz and Tarija, which had initially opposed this formula, now support the proposal, it is still not convincing, mainly because it has been learned from experience that the executive boards of the regional development corporations do not have decisive control over the Corporative Councils.

Although unanimity was not reached at the conclusion of the "great dialogue," progress was made on the difficult path toward agreement. The tension and lack of agreements that had been threatening a new delay in the approval of the decentralization law have decreased.

The discussions will continue in Congress now that the announcement of a summit of political leaders has been discarded. But the criteria expressed by the different sectors during the presidential dialogue will also have an influence on the positions maintained by the various political parties represented in Congress.

Human Rights Assembly Criticizes Extradition Treaty

PY3006015695 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 29 Jun 95

[FBIS Translated Text] Many institutions have expressed their opinions on the new extradition treaty.

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The Human Rights Assembly has joined this wave of protests.

This human rights institution believes the treaty is a negative document that is opposed to national interests. As an example, it cites the fact that no article of the treaty refers to the Supreme Court of Justice, the only authority that can rule if an extradition is viable or not.

Human Rights President Waldo Albarracin said Bolivian civilians have become a potentially extraditable group. He warned that anyone who expresses an opinion contrary to U.S. interests may be extraditable.

To avoid abuses, and before approving this bilateral treaty, Albarracin urges congressmen to become aware of the serious pending danger to Bolivia.

[Begin Albarracin recording] I want to publicly urge Bolivian deputies and senators — when they deal with the case in Congress — I want to urge the government senators and deputies, not to vote by simply raising their hands, without thoroughly analyzing the political content of this treaty. We disagree with those senators and deputies, the members of the government coalition who allow the treaty to be consolidated — just because it has been signed — without considering that this treaty is a political instrument which does not consider the current situation... [end recording]

Albarracin finally asked congressmen to shed their political inclinations and to analyze the extradition treaty patriotically, seeking to preserve our sovereignty.

Treasury To Absorb Debt of Companies To Be Capitalized

PY0407182395 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 4 Jul 95

[FBIS Translated Text] The national Treasury will absorb the social debts of the public enterprises to be capitalized. The government has decided that the state will honor the debt, in the form of pensions according to court rulings, accumulated up to the date of the capitalization of each of the enterprises subject to this procedure. This decision will be retroactive for an indefinite period.

This information was disclosed by COB [Bolivian Labor Federation] Secretary General Juan Chavez, who asserted that with this government measure, the workers remain unprotected by the General Labor Law.

Chavez explained that Decree No. 24036, dated 22 June, establishes that the debts of the enterprises subject to the capitalization process that are not included in their balance books up to 31 December 1994 and are confirmed later on will be absorbed by the Treasury.

This, in Chavez' opinion, will have a retroactive effect because in addition to the capitalization of YPFB [Government Oil Deposit], Entel [National Telecommunications Enterprise], Enfe [National Railway Enterprise], LAB [Lloyd Bolivian Airline], Ende [National Electricity Enterprise], and [name indistinct] Vinto, all debts resulting from court rulings on labor cases will be absorbed by the Treasury.

Brazil

President Cardoso's Speeches, Actions Viewed

Marks Real Plan Anniversary

PY0307201595 Sao Paulo AGENCIA ESTADO in Portuguese 2001 GMT 1 Jul 95

["Text" of speech by President Fernando Henrique Cardoso at a ceremony marking the first anniversary of the Real Plan, held at the Bank of Brazil Training Center Auditorium in Brasilia on 1 July]

[FBIS Translated Text] Brasilia, 1 Jul (AE) — I will make a few comments for those who are seeing me from a distant place, for those who are listening to me, for the Brazilian nation, for the Brazilian people. I first greet the Brazilian people. I thank those who honored me with their presence at this table. I congratulate ministers, congressmen, government officials, workers, and housewives.

I cannot deny that I am moved. A few days ago, I recalled that on 1 July 1994, while President Itamar Franco was officially announcing the new currency, here in Brasilia, with minister Rubens Ricupero, I was in Pocos de Caldas with Eduardo Azeredo, the then candidate to the governorship of Minas Gerais. We went to the Banco do Brazil branch — the bank that has always so generously welcomed us — where I had a first pleasant surprise. When I headed for the cashier for exchanging notes, all people who were in the bank applauded. They did not applaud the candidate. Certainly, in that place there were people with other electoral preferences. Rather than directing their applause at me, they applauded what Finance Minister Pedro Malan so properly referred to — and what Sao Paulo Governor Mario Covas mentioned here — namely, the return of confidence. Everyone applauded himself.

Today, we have listened to speeches delivered in a manner that reflects the maturity of Brazil — speeches that came from a housewife whom I knew from other struggles, and who expressed the tempered voice of her heart, speeches that showed what Brazilian consumers are demanding today. Consumer representatives are not

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here to applaud, but to recognize what has been done with their support. Yet they are also here to sound an alert. The speeches were not mere words. They were based on analyses and data, showing where we won and where we lost, and focusing on what is essential. Consumers have to be more demanding, instead of simply accepting things.

When I listened to the president of the Sao Paulo Matalworkers Union, an organization of my own city — and Latin America's largest union — I thought: Good Lord, why should I pose any claims? On hugging him, I told him I agree with him, because there is a consensus — not because there was a prior agreement. Actually, as [political scientist Bolivar] Lamonier put it, we had disagreed. Yet beyond the content of his speech, the metalworkers union president expressed a viewpoint that is not only the opinion of a single labor sector. He spoke for the nation, asking for a national project that should not reflect partial demands, much less corporate demands. In addition, his speech had something new — an admission that a mistake was made, that we made a mistake.

The president has made so many mistakes in his life, and he never hesitated to admit them or to correct the mistakes that were noted to him. The humility to which Malan referred is not only psychological behavior. It is more than that. It must entail behavioral and intellectual conviction. If we made a mistake, the best thing to do is to correct the mistake. When I listened to the Sao Paulo Metalworkers Union president, I recalled Edmilson, also known as Alemao, when, in 1978 or 1979, workers struggled for the right to speak the way he is now speaking, with dignity. They are at the forefront, and that is why they are here. They are at the forefront, and the Labor Force is here. I now make an appeal to he who coexisted with Alemao, and with me at other times. Why should we remain tied to the past? Good Lord, let us accompany Brazil, this new Brazil that is consolidating, this Brazil that actually needs to add efforts!

I was moved when I listened to Ambassador Ricupero's speech. I insisted on having him here. Ricupero is part of the history of the real, a history that was not written by just a handful of men. Governor Covas put it very clearly. This handful of people was necessary, but the history of the real goes beyond them. It is the history of a country that today commemorates one year of stability, which has not yet been fully accomplished. The country, however, is on its way to stabilization.

A friend of mine said yesterday that this is the first time we have been able to commemorate the first anniversary of a plan in Brazil. The history of the real is the history of the revival of Brazilians' confidence in themselves. This revival at times had the indispensable support of a small group of people who knew nothing about it then. This revival spread because of the reasons outlined by Governor Mario Covas. And I will once again make use of such reasons, because of a political decision and because of society's maturity. Today the country is different, and not because of the real. On the contrary, the real was possible because the country had already changed — but we had not realized it. It was enough to notice it. In the so-called brief history, the history of what everyone did, I also have to thank other people.

I will begin by thanking President Itamar Franco, who — I really do not know how — felt that it was possible to do something. He felt it was necessary to have confidence, and he did have full confidence. He expressed full confidence in me, and he reiterated this confidence. I will not give any details, which history will register at the right time. The day I was designated finance minister, when I was still in the United States, I felt tormented as I returned to Brazil. Sinesio, the then cabinet chief of Itamaraty.... [changes thought] I was thinking of how to go about it. I had already talked with Malan in the United States. When I arrived here, we — Malan, Jose Serra, Sergio Motta, and myself — began to think about how to assemble a team, how to convince someone to leave his house, usually located in Brasilia, and his personnal affairs to come here to try to do something with no guarantee of success at all. At that time it was said that political conditions were not ripe. And despite that — and please forgive me if I fail to mention some names — with Pedro Malan and with the above friends — my hair was not as grey as it is now — Gustavo Franco joined us. Later it was possible to convince Andre Lara Resende. And when Pedro Malan took over as finance minister, Andre assumed the negotiation of the foreign debt. Late in the evening of the day Serra showed up at home, we engaged in a sort of ambush to convince the others. No sooner had they said yes than I phoned President Itamar Franco — it was the only time I woke him up — to tell him: Mr President, here are the new Central Bank president and also the new foreign debt negotiator. I was so afraid they would change their minds the following day. Persio Arida joined us later. Those people began by producing ideas.

Congress supported us. Governor Mario Covas — like me — was not sure whether it was the right course, but he supported it in his speeches, and also when he was not delivering a speech. Planning Minister Jose Serra joined the plan for immediate action, despite the fact that at that time he was a deputy. Clovis de Barros Carvalho, without whom the real would not have materialized, coordinated everything. He did coordinate everything.

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Since he was earning a low salary, he agreed to become a public servant.

Sovereignty is guaranteed by the power to make decisions. Our strong currency is the symbol of national reorganization. It is the symbol of the country's confidence in itself. We are achieving this little by little, as Governor Mario Covas properly put it. This can only be achieved with conviction. In this regard, the real is not the result of the work by the technical team alone, although the real would not exist without the technical team's work. It is not only the ministers, without whom the real would not exist. I am also referring to former Finance Minister Ciro Gomes — who was also part of this process and who accepted this task at a difficult time for implementation of the real — and to all the ministers who, in the initial stage, engaged in the same conduct, telling the country what it was all about.

This is the course that tomorrow will permit implementation of the real in a realistic country. Unfortunately, as Governor Mario Covas put it, we will still need time to reach this tomorrow. It is necessary to tell the truth, step by step. It is to no avail to promise what cannot be fulfilled. It is useless to say we will have money for everything, that everything will be wonderful, because it will not. Yet this cannot be an excuse for refraining from implementing a serious change, so that social programs shift from words to routine practice under society's control.

Now that our economy is on a firmer course, measures like the ones adopted yesterday are preceded by broad debate, broad criticism, and broad corrections made on the same day. People often believe that changes reflect disorder. Avoiding corrections and highlighting mistakes would be equivalent to disorder. Now that the economy is on a firmer course, the country is prepared for the new changes we are introducing. The country has accepted the changes because, contrary to what some people in bad faith claim, they are not being imposed in a vertical, top to bottom manner. The changes are attempts to implement what we see, what the country wants and needs. We are, however, behind in our schedule for implementation of such modifications.

We will have to face challenges. Minister Malan very calmly said the same thing. It is not my style, the ministers' style, or your own style. It is our style, the style of Brazil. Brazil is tired of demagogy, of noise, of corruption. Brazil is tired of separating people. It is tired of meaningless divisions. Brazil today wants tranquillity to have clear perceptions, in order to choose an objective and find a consensus around it. We will move forward not only with the real, in the sense of reaching stability, but with the transformations that will create new conditions. It will be difficult. Yet is there anything easy? How many times have I said that if things were easy, they would not be worthy? Yet we should say with tranquillity that things are not that difficult. Brazil has many resources. We have a considerable installed capacity. We already have the capacity to select, to choose.

Now I would like to express thanks, not on my own behalf but, I am sure, on behalf of the entire people. Congress has worked with full responsibility, with full competence. It did what many people did not believe it would be able to do. It was determined. While the government took care of the country — I am convinced of what I am doing — Congress also took care of the country. From this viewpoint, we are together. The important thing is that Congress exists, that it works, functions and assumes responsibilities. I see this situation as a signal of the new Brazil. It is set forth in the Constitution. The branches of government are sovereign but harmonious. This is what we are doing. Today, the relations between the executive, legislative, and judicial branches are absolutely harmonious.

For all these reasons I am strongly confident, because society has already chosen where it wants to go. Society knows what it wants. It is, above all, aware that it no longer wants social injustice and privilege. Society supports us because it feels — because it is still feeling — that our course leads not only to growth but also to justice. These signals can be felt everywhere as they are echoed by institutions and mechanisms, which are shaping the new course. It will not be the work of one man, of a statesman, of a leader. It will be society itself, which has institutions for reinstating justice. I have not doubt whatsoever that this is happening in Brazil. We are rebuilding Brazil. The change in the state is underway. It is true that we will ask Congress for changes here and there. The reforms will not be against anything, much less against retired workers or public servants. They will be constructive reforms.

Yet this is not enough. It is a process of change of the relations between sectors. This is what I feel everywhere. I feel that the governors from all parties are concerned about modernization.

When I see my friend Governor Mario Covas giving this signal with such stregnth, the signal that Brazil wants more than the real, that it wants a better situation, I know he speaks for both of us. This is so even though he was not given the power to make this demand. He does not need it. It is automatic. When one speaks with the strength with which Mario Covas spoke, he speaks on behalf of everyone, as far as Brazilian desires are concerned.

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This new force is in the unions, in the Church, and in the press. It is always good to reaffirm the role of the press, which continues to be decisive. We who are in the government know how many times the press can frustrate or prevent things. Yet such frustration will not change our understanding of the outstanding role the press has played, even when pointing at the wounds of poverty, misery, injustice, and corruption.

This new force is in the parties, in Congress, among public servants, on the streets, among housewives, at fairs. It is everywhere.

This is our force. I will now conclude by saying that even though you may not believe in miracles in the economic area, we believe — like I believe — in debate, in clear negotiations. I believe our forces are strong enough to meet the new challenges of the real. I believe that with the power that Brazilian society has shown, we will firmly head toward recapturing the faith of Brazilians in the social area, in culture — which we have to support and which we are supporting — in education, in health, and in sanitation. Those are long processes and the government does not want to tell lies to anyone. The government is building mechanisms and creating — through the Community in Solidarity Program — bureaucratic mechanisms where there were none, in order to more effectively assign the scarce available resources.

After gaining awareness that there is unity, we cannot fail in this effort. The president himself may not have enough power to do everything that has been proposed for the future. Yet citizen Fernando Henrique, who struggled a lot in political life, who knows the real situation of this country, knows that he is not alone. He knows he can count on many people from several parties, who are engaged in several activities. Those people are spread all over Brazil. Those people will help the president, will help themselves, and will be demanding. Yet at the appropriate time they will support everything that can guarantee the continuation of the economic stabilization process, and, above all, they will back everything that can effectively help build a more just society. I make a special appeal to those who have not yet realized that this is a successful course and that it is good, so that instead of throwing stones, they also join us. Thus we will be able to more effectively continue to move forward toward consolidation, not of a currency, but of a people, a people who are great and strong. People will win.

Meets With Agricultural Leaders

PY0507015395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 1 Jul 95 Section 1 p 15

[Report by Bruno Blecher]

[FBIS Translated Text] Tired of the blackmailing practices of the congressional ruralist bloc, President Fernando Henrique Cardoso has decided to open up a new channel of negotiations with the agricultural sector. Yesterday morning the president met in his office with 14 rural leaders, namely the presidents of cooperatives, associations, and of companies dealing in agribusiness.

According to Roberto Rodrigues, president of the Brazilian Rural Association [SRB], President Cardoso himself called the meeting. The administration seeks to weaken the bargaining power of the members of the congressional ruralist bloc by preventing them from playing a key role in negotiations.

The agricultural leaders met with President Cardoso for 80 minutes. They decided to create a committee charged with analyzing agricultural issues, such as the debts of farmers and their dwindling income.

According to the agricultural leaders, Cardoso opened the meeting by acknowledging that agriculture is paying a dear price for economic stabilization. In remarks to FOLHA, businessman Blairo Maggi said: "The president acknowledged that agriculture is paying the highest price for maintaining the Real Plan."

By the end of the meeting, the agricultural leaders had proposed the creation of a task force consisting of an equal number of representatives from the government, Congress, and the Single Agricultural Front (which encompasses state agriculture secretaries and private organizations such as the SRB and the National Agriculture Confederation).

The group will study proposals and propose solutions. The president, according to the rural leaders, promised to make the following proposal to state governors: that they reduce the ICMS [goods and services movement tax] on basic food items, supplies, and export products in exchange for the federal government rescheduling their debt. As of 1500 yesterday Planalto Palace had not confirmed this negotiation.

Criticizes PSDB Members

PY0407024195 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 3 Jul 95

[FBIS Translated Text] President Fernando Henrique Cardoso today said that the Real Plan has promoted a better distribution of revenue, and that to adopt a wage

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escalator, as proposed by the Workers Party, would be tantamount to sentencing workers to serving as slaves.

President Cardoso met with leaders of his party, the Brazilian Social Democracy Party [PSDB], in a seminar organized to celebrate the seventh anniversary of the PSDB. Cardoso urged his fellow party members to take a stronger position to defend both his administration and the constitutional reforms. The seminar was broadcast over a closed circuit network via Embratel [Brazilian Telecommunications Company] from Planalto Palace.

In a harsh criticism of PSDB members, Cardoso said that his party cannot be shy in defending the proposal to make monopolies more flexible, and no one should feel embarrassed when it is said that the PSDB is following the PFL [Liberal Front Party] program. Cardoso said: Should the PFL be the only one entitled to be intelligent? Do leftists have to be jackasses? We must attend to the needs of the people, not to those of the parties.

Cardoso said that a wage escalator would undermine every effort to bring inflation under control. He said that a wage escalator is the main instrument for turning workers into slaves. He outlined the steps the administration ought to take to succeed:

[Begin recording] He who lacks conviction, competence, and courage should not take the reins of a country. Any party should also have these same these qualities. We are thus convinced today that we must maintain stability, that we have the courage to do that, and that we are prepared to administer it. [end recording]

Late this afternoon, President Cardoso left for Venezuela, where he will attend the Venezuelan independence celebrations.

Discusses Prison Riots, Drug Trade

PY0507033295 Sao Paulo AGENCIA ESTADO in Portuguese 2028 GMT 4 Jul 95

["Text" of President Fernando Henrique Cardoso's weekly program "A Word from the President" broadcast 4 July]

[FBIS Translated Text] In recent weeks we have witnessed rising acts of violence, jailbreaks, and riots in the prisons of Rio de Janeiro and Sao Paulo. Overcrowded prisons provoke riots and endanger the lives of prison guards, who have gone so far as to call a strike in Sao Paulo State to demand safer working conditions.

Two weeks ago an all-time record number of deaths occurred in the city of Sao Paulo: 53 deaths over one weekend. This sad reality has been tormenting the Brazilian people for many years.

When we took over the reins of government we found extremely well-organized and modern criminal groups, while the state, the administration, was ill-prepared to fight crime. There was no time to waste. We started to act immediately. We created a committee to identify and support through Congress those bills designed to update our laws. Some of these bills have already been approved.

Furthermore, we are going to submit to Congress some bills designed to improve the Penal Code. To improve it how? To improve it by giving protection to witnesses so that anyone willing to testify today may no longer be found dead the next day. To improve it by creating what we call "plea bargaining." To plea bargain means that a defendant may negotiate with the state to obtain a more lenient sentence if he agrees to turn in other members of his gang.

In Brazil, crime is organized principally around the drug trade. To fight this trade, we assigned priority to strengthening the Federal Police [PF]. In the southeastern region we are reequipping the PF by purchasing weapons, bullets, bulletproof vests, and modern binoculars. In the northern region, which is a drug route, we are going to implement the Pro-Amazonas, a $240 million program to equip the PF. In the southern region, another trouble area, we are seeking to work jointly with the police forces of our neighboring countries Uruguay, Paraguay, and Argentina.

Argentine and Brazilian officials responsible for fighting the drug trade are scheduled to meet here in Brasilia from 10 to 15 July. The objective is to amend the laws of the two countries so that their respective police forces may take joint action.

We have already set up a Brazilian-Argentine customs checkpoint in Foz do Iguacu. This has made it easier for us to crack down on smugglers and drug traffickers. We have also made life easier for ordinary citizens who need to cross the border. People now have to go only through one customs office. By the end of 1995, we are going to set up 19 joint checkpoints along the Brazilian southern border.

Another problem we are seeking to resolve is that entailed by theft in Brazilian ports. I have signed a decree creating the National Commission on Security in Ports, Terminals, and Waterways. This commission will appoint task forces to take action in ports. The first two groups will be working in the ports of Rio de Janeiro, in the state of Rio de Janeiro, and in Santos in Sao Paulo.

We have also reactivated the National Council of Security Secretaries. We need to work together with state and municipal governments. To expedite this

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process we are going to promote regional meetings. The first regional meeting of security secretaries of the states of Sao Paulo, Rio de Janeiro, Minas Gerais, and Espirito Santo will be held during the second half of July.

We are also facing a tragic situation in our prisons. The situation in this area has worsened over the years. As of December 1994, we did not know how many people were being held in Brazilian prisons. According to a census conducted in December, there are 130,000 inmates.

We found a prison policy that was earmarking 100 percent of its resources to building top security prisons and many incomplete projects. As a general rule, this policy sparked charges of corruption and embezzlement. We changed the rules of the game. Today these funds are being used to build medium-sized prisons. By the end of 1995 we will complete 10 projects we found paralyzed.

To address the problem of overcrowding, we are also looking for legal alternatives that would prevent imprisonment from being the only possible punishment. There are many people who deserve to be punished, but this punishment does not necessarily have to be a prison sentence. A person could be punished in some other way, such as, for instance, being ordered to perform services for the community. In so doing we will ultimately be improving the situation of those who must serve a prison sentence. There will then be plenty of room in today's overcrowded prisons.

To keep inmates busy we are going to set up job training programs such as those existing today in the industrial prisons of Parana and in the Papuda prison here in Brasilia. Today all the flags waving in our capital city have been made by Papuda inmates. Job programs will be implemented by the end of 1996.

Another measure relevant to this area is the creation of the National School for Prison Guards, which will be in charge of training new guards and providing additional training to others. These guards are risking their lives daily in overcrowded prisons. The situation is so difficult that we have made an exception. There is a freeze on government hiring, but we have asked Congress for authorization to hire new guards.

Security is a very serious problem in our country. In today's program you must have seen, however, that we are taking action. We are equipping ourselves to fight organized crime. We are going to make Brazilians believe again in the laws and in the government. We are watching closely so as to be able to detect any improper police action.

"I am a man who believes in the force of efficiency over the force of violence."

Malan Discusses Future Economic, Exchange Policies

PY0407193795 Sao Paulo O ESTADO DE SAO PAULO (Special Supplement) in Portuguese 30 Jun 95 p X13

["Highlights" of an interview with Finance Minister Pedro Malan by Beatriz Abreu, Joao Bosco Rabello, and Ribamar Oliveira in Brasilia; date not given]

[FBIS Translated Excerpt] [Passage omitted] [O ESTADO] What will be the agenda of the second year of the Real Plan?

[Malan] It goes without saying that we will continue with the structural reform of the economy. We must streamline the public sector, be more efficient in the management of public businesses, initiate the Social Security reform, and reduce the so-called Brazil cost. We must whittle down the costs involved in the production of goods and services to compete with our competitors' costs in the production of goods and services. We must reduce the cost of capital, the cost of hiring labor, and taxes that have a bearing on productive activities, as well as our port and infrastructure costs. We must deregulate and put an end to red tape in several areas.

[O ESTADO] With regard to what you said about inflation, what is the government's objective for the second year of the Real Plan?

[Malan] The objective is to have an inflation rate that is considerably lower than the 31 percent recorded over the first 12 months. We think this is an attainable goal. We have never promised to have zero or one-digit inflation in the second year of our plan. We have always contended that no country in the world has a zero inflation rate. One should recall that over the last 40 years, only in 1955 and 1957 has Brazil had an annual inflation rate lower than 15 percent. The Brazilian economy is very complex and has been coexisting with all sorts of informal indexation mechanisms for three decades. We live in a democracy in which things have to be approved by Congress and supported by the public. We no longer have a centralized or authoritarian regime, but indexation is a generalized practice. We have to take this into account when we make estimates about inflation. Some of these estimates show a total ignorance of our historic experience and current situation.

[O ESTADO] This second year of the Real Plan begins with a generalized feeling that the economy is lurching toward a recession.

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[Malan] We are going to end 1995 with a robust growth in GDP. This is perceptible because of the magnitude of the growth registered in the first quarter of the year. Nevertheless, those growth rates were obviously unsustainable if projected for the entire year. If we were to try to maintain a GDP growth rate of such magnitude it would inevitably lead to an increase in inflationary expectations and a further deterioration in the balance-of-payments position. Imports would have to increase considerably to meet a demand that domestic production could not satisfy, even if this was (and continued) expanding. The problem is that people take a certain economic situation, a sector, an activity and then make a sweeping generalization about the economy. We are going to have a robust GDP growth this year. Still, I am not so naive as to argue that all sectors of the economy will grow at the exact same rate. Some are experiencing more difficulties than others. This is why what you termed a feeling that there is a recession is in fact only an adjustment, a slowing down in the first quarter's growth rate, which was impossible to sustain at those levels. [passage omitted]

[O ESTADO] Does the incumbent administration have a commitment to maintain the exchange parity between the dollar and the real at one-to-one?

[Malan] I do not think so. Allow me, however, to phrase my answer in other terms. We have already given tangible proof of our ability to adapt to and be flexible in dealing with that question.

[O ESTADO] Report has it that the trend [in monetary policy] is towards a gradual devaluation of the real [R]....

[Malan] We see a trend towards operating within a system of bands. The dollar exchange rate currently fluctuates within the R 0.91 and R 0.99 band, which is more than appropriate at this juncture of the Brazilian economy. [passage omitted]

[O ESTADO] What are the two structural factors that encouraged the boost in imports?

[Malan] We will continue furthering an opening drive. We are not going to close the Brazilian economy. Mercosur [Common Market of the South] will also continue to be in operation because it is an integration endeavor that has already shown it has a tremendous potential. Trade between countries in the region rose from $2 billion to $10 billion in only four years. This will continue, and it is good that it will do so.

[O ESTADO] Does the Cardoso administration intend to apply new import restrictions?

[Malan] It is an open secret that we are at present holding discussions with the textile industry on an issue within the framework of GATT regulations. It is ridiculous to conclude from a specific negotiation that import restrictions will be imposed across the board. Besides, even the overheating of the economy is contributing less and less to the rise in imports. Importers of automobiles, for example, are facing serious problems in marketing the bills of entry that were issued on the assumption that there would be a demand. We will do something in terms of adjustment. It is a fallacy to imagine that we are in a position to forecast for the future increases in imports similar to the ones we have had over the last few months because imports will surely decline.

Malan Speaks on First Anniversary of Real

PY0407014195 Rio de Janeiro TVE Television in Portuguese 1315 GMT 1 Jul 95

[Speech by Finance Minister Pedro Malan at a ceremony marking the first anniversary of the Real Plan held at the Bank of Brazil Training Center Auditorium in Brasilia — live]

[FBIS Translated Text] Your Excellency the President of the Republic, my dear cabinet colleagues, congressmen, through whom I want to honor the national Congress for the work it has done, members of the judicial branch, ladies and gentlemen:

Strangely enough, it is with a mixture of humbleness and trust that I am addressing you briefly on the first anniversary of the real. The humbleness stems from the fact that we are deeply aware of the great challenges that lie ahead of us in the next few days, weeks, months, and years.

We have never gotten carried away — not even in commemorations like the present one — by a naive optimism, by a deceiving excitement, or by a perception that the battle has been won, or that we have already won the game and can now relax.

We know that we still have a long way ahead of us and must persist with patience, determination, and trust in the country and in its future, along with the sense of purpose that I hope we have demonstrated in the past two years, ever since we bet on the possibility that we could stabilize the economy, ensure sustained growth, and maturely and responsibly deal with our still shameful social imbalances.

That bet was made by mid-1993 by the then Finance Minister Fernando Henrique Cardoso, with the total support — I must say — of then President Itamar Franco.

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The trust to which I referred, and which always goes hand in hand with humbleness, stems from the fact that we are confident not only in our country and in its future, and in the government, but in the people, the Brazilian citizens who have demonstrated sound judgment — you have witnessed how 2 million of the real bills and coins were exchanged in a couple of days — throughout this entire past year. That was regarding trust in the country in general.

However, I also referred to trust in the many things we made during the past two years. For example, in terms of inflation, during the 12 months preceding the real — that is, between June 1993 and June 1994 — the inflation rate hit 5,000 percent. It could have reached 7,200 percent if during the second half of 1994 it had continued at the same rate.

Yesterday we concluded 12 months of the real with a 30 percent annual inflation rate. The average inflation rate of the first half of 1995 was a little less than 10 percent, a figure that had been registered before only in 1969, 1970, 1972, and 1973. The family basket price yesterday closed the month with a 5 percent reduction in its price as compared with 1 July 1994, when the real was implemented. Because the minimum wage has increased by 50 percent, this represents a great increase in the power of the working class to purchase family basket products. As opposed to former attempts to attain economic stabilization — which reflected but pale shadows of what they could have attained on their own first anniversaries — this performance in inflation was really achieved without a price freeze or recession.

The Brazilian economy grew a lot during the past year, and will continue to grow despite the difficulties, which are natural and are part of an adjustment and transition period. Only a naive individual could imagine that the country could pass from a 5,000 or 7,000 percent annual inflation rate to a civilized inflation rate — although for Brazilian terms we must still lower it further —in a year without any kind of costs, adjustments, adaptations, and in a totally painless manner.

In the real world there are no extraordinary powers, magic tricks, or pirouettes. This is a transition period that we will unfortunately have to experience, and which we are beginning to come through. The Brazilian economy will also grow this year.

However, I do not want to talk about the past. I want to quickly refer to the agenda for the second, third, and fourth years of the real. As former [Finance] Minister Ricupero just said in his touching speech today, we are at but the beginning. There is yet much to be done. However, the agenda is clear and defined. I want to quickly refer to it so as to avoid confusion.

Yesterday we took a step toward that direction, which is to head toward the progressive, gradual, and firm deregulation of the indexation of Brazilian economy. We took a step forward, and we will continue to walk in this same direction because we are convinced that, singularly, Brazil has been the only country in the world that has lived for three decades with this infernal indexation mechanism, this accumulative vicious circle in which inflation fueled further sophisticated indexation mechanisms, not allowing us to curb the inflation.

As stated by [Planning] Minister Jose Serra, the indexation of the economy is a condemnation of the future by the past. It means that the inflation rate of the present will be defined by the inflation of yesterday, while that of tomorrow will be defined by that of today. We need to break, to dismantle this indexation structure. We took our initial step with the URV [real value unit] in March of last year, and continued with the real in a gradual manner, with the cautiousness that has always prevailed in all our positions on the economy.

We will nonetheless have to make progress in making changes to the Constitution. In keeping with the wishes of the Brazilian people, Congress has already demonstrated its support for the constitutional amendments. I do not want to enter into details right now, but there are two basic reasons why I think we are heading in the right direction. They pertain to the reforms in the economic order. The two arguments are simple, and there is nothing of ideology or politics in this. They are the arguments of someone who is worried about his country and its future.

Brazil is not the Fernando Henrique Cardoso administration alone. Brazil needs to expand its network of telecommunications, electricity, transportation, gas, oil, and minerals. The government cannot on its own carry out this expansion required by the country. Therefore it is but natural, pragmatic, and responsible for someone to think of the future and of opening spaces, eliminating restrictions and prohibitions, so as to allow the national and foreign private sector to carry out this task. The rest is important — although sometimes the most difficult part lies in the details — but these were the essential points.

The social security reform must be carried out. I will very briefly summarize the three reasons for its reform. First, because with its current structure the social security system cannot justify itself under a serious audit. Second, because its current structure is deeply unfair from the social point of view. Third, and perhaps this is the most important point, because in order to consolidate in a lasting manner the accomplishments we have so far attained by curving inflation and ensuring

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sustained development, this country, as any other, will have to raise its domestic savings rate in proportion to GDP. The reform of the social security system and the possibility of creating capitalization and pension funds is — here as in many other countries — a way of heading in this direction.

In the same manner we will soon begin the fiscal reform. The public apparatus must be modernized in order to reduce expenses. This task is being undertaken by [Federal Administration Secretary Luis Carlos] Bresser Pereira, who correctly insists on it. This country needs to create a modern, effective, and efficient state, mainly to comply with what is expected from it in the social field, that is, education, health, and sanitation. We must modernize the state, the public sector, and reduce the excessive number of constitutionally-established budget allocations that currently limit the state's capability to control its expenses and modify the composition of its budget so as to further attend to social demands.

We must also begin with the tax reform — on which there is a surprising convergence of purpose — so as to simplify our taxing system and make it less complex, with fewer annual changes, so as to reduce taxes on exports, investments, and production, and eliminate the enormous space it grants for tax evasion and for the so-called tax planning. We will also begin this reform in the next few weeks or months.

I am mentioning this only to point out the length of our agenda, and to note that there are no immediate or magic solutions other than walking with determination toward a tax reform.

I will not waste time repeating my speech about the urgent need to reduce the Brazil cost, which is the production cost of goods and services in Brazil as compared with production costs of goods and services in other countries that compete with us, not only in foreign markets but in our own domestic market.

To begin my conclusion I say that our task is complex, but I want to express my trust in our capability. When I say our capability, I do not mean the government, I mean the Brazilian people, as a country, including the executive, legislative, and judicial branches, and the opinion of the Brazilian public. It is a mistake — unfortunately we have this legacy — to think that the government can do everything, that all demands and charges must be made to the government, and that the government must paternalistically find a solution to all problems.

When I speak of trust in ourselves I am neither using the royal we nor referring to the government. I mean ourselves, the Brazilian people, as a country and as a nation. I also mean the changes that must be made in the economy and in finances, in politics and in the institutions, as well as in social aspects.

I conclude here by saying that in my judgment the great challenge and historic opportunity that our administration — the Fernando Henrique Cardoso administration — has is to demonstrate that it is possible to make three processes compatible in practice, not in words alone, but through daily actions by the government and by society.

These processes are: first, the continuation of the stabilization of the currency. A country with a worthless currency is a country without a future, a country in which the people do not have any idea of the relative value of things in terms of material goods, and in which moral and ethical values progressively lose their significance when the currency becomes weak and deteriorated. To restore the credibility of our currency and the stability of its purchasing power is to restore the integrity of the Brazilian people's character and raise their standards of ethical behavior, which must prevail in our relationships as individuals. [applause]

The second process is a process of ensuring sustained growth along time, allowing the creation of jobs in a sustained manner and not in erratic bouts of growth that dwindle away with inflationary upsurges and with a negative balance of payments. Despite what some people say, it is possible and desirable — and we will attain this — to end the year with a considerable economic growth rate.

And third, the main challenge — and that which will really demonstrate what we will or will not be in the future, not only as an economy but as a society —is our capability to treat ourselves in a mature, serious, responsible, non-demagogic manner, with a medium and long-term vision of our enormous social imbalances, and of the misery and poverty that still humiliates and makes us ashamed before the rest of the world, and which should humiliate and make us ashamed even further among ourselves.

To deal with these issues with a degraded currency and with unsustained and excessively erratic growth is a trick and an illusion that I hope we will not fall for.

I am drawing my speech out much too long, and it should have been more cheerful — I should have been more cheerful, in order to celebrate the first anniversary of the real — but I hope you will understand the nature of my concerns as finance minister.

I want to end by thanking President Fernando Henrique Cardoso, a statesman, for the trust he has placed in me and in some of those who have been working with him for nearly the past two years. Once again let me reiterate

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the paradoxical nature of the humbleness and trust that I pointed out at the beginning. I said that nowadays it is essential to have humbleness in order to recognize the challenges we must face, and trust in our country and in its future.

I want to end here by expressing my deep trust in our country and its future, and not only in its government. Thank you all. [applause]

Rules for Exports With NBC Warfare Potential Drafted

PY0407164395 Sao Paulo AGENCIA ESTADO in Portuguese 0020 GMT 4 Jul 95

[FBIS Translated Text] Brasilia, 3 Jul (AE) — With the purpose of having Brazil join the group of countries that control military weaponry, the Brazilian Government today sent to Congress a draft bill establishing rules for exports of goods and services that can be used in nuclear, biological, and chemical [NBC] warfare. Strategic Affairs Secretary Ronaldo Sardenberg asserted that the government concern is to incorporate into Brazilian laws the bilateral agreements signed last year in order to avoid political obstacles to the export of goods and services.

"Evidently, a specific Brazilian law is necessary for international cooperation, and it is obvious that suppliers have doubts with regard to supplying materials to Brazil on account of this," said Sardenberg, who wants the draft bill sent to Congress handled on an urgent basis. The draft bill regulates exports of products and services in all fields considered sensitive, that is, those that could be used to develop weapons of mass destruction (NBC weapons) as well as missiles.

According to the draft bill, exports will depend on a prior official authorization from the pertinent federal institutions coordinated by the Strategic Affairs Secretariat. The draft bill creates an interministerial commission that will control exports, and it likewise foresees sanctions in case the law is violated. These sanctions range from a warning to the rescinding of permission to engage in trade for companies that carry out foreign commercial operations, and even a four-year prison term for individuals who violate the law.

Chile

Foreign Minister Agrees With Argentina's Menem on Good Ties

PY3006225295 Santiago LA NACION in Spanish 29 Jun 95 p 9

[Article by M.I. Ruz]

[FBIS Translated Text] Santiago — Commenting on Argentine President Carlos Menem's remarks about the good level of bilateral relations, Chilean Foreign Minister Jose Miguel Insulza said: "I fully agree that things are going very well between Chile and Argentina."

He explained that the differences between the two Foreign Ministries have nothing to do with the depth and importance of bilateral ties, thus referring to the exchange of opinions following Argentine response to the Chilean request for a revision of the Laguna del Desierto ruling.

Insulza said President Eduardo Frei will attend the ceremony to mark the start of President Menem's second term, and that Frei will be accompanied by a small delegation.

By the end of the month the Chilean president will travel with a larger and more representative delegation from the various national sectors, to repay the visit by the Argentine President to Chile in August 1994.

Government Evaluates Peruvian-Ecuadoran Peace Process

PY0407230095 Madrid EFE in Spanish 1602 GMT 4 Jul 95

[FBIS Translated Text] Santiago, 4 Jul (EFE) — The Chilean Government today expressed its satisfaction over the exchange of prisoners between Peru and Ecuador, as part of the pacification process in that zone being sponsored by the guarantors of the 1942 Rio de Janeiro Protocol.

Acting Deputy Foreign Minister Fabio Vio labeled the announcement "good news." He said that Chile, which is one of the guarantor countries, believes that the exchange of prisoners is important in order to continue with the peace talks between the two countries, which were involved in a military clash from January to February of this year.

About 200 soldiers from the two countries were killed, and over 400 wounded, in a dispute over an unmarked border region in the Condor Mountain Range.

Fabio Vio, who is also the foreign policy director of the Chilean Foreign Ministry and the country's

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representative at the latest meeting of the guarantors, evaluated the meeting held in Brasilia.

"The first evaluation is that the cease-fire, the separation of forces, and the demobilization were very important steps, and therefore the peace process was successful in this regard," said Fabio Vio to EL MERCURIO, which published his comments today.

He said, however, that the establishment of a demilitarized zone and the opening of the border are issues still to be resolved, as there is no agreement between Ecuador and Peru.

Vio said: "These are essential issues for us in order to continue with the spirit of the Itamaraty Peace Declaration."

The Itamaraty Peace Declaration was signed by Ecuador and Peru on 17 February of this year, after intensive negotiations sponsored by Chile, Brazil, Argentina, and the United States, which are the four guarantors of the Rio de Janeiro Protocol that established the borders between the two countries.

Government Reacts To Opposition's Human Rights Proposal

PY0407172895 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 4 Jul 95

[Speakers identified by on-screen captions]

[FBIS Translated Text] The government has stated that the opposition's initiative designed to hastily end the debate regarding cases of violation of human rights during the military regime is mere demagogy.

[Begin Independent Democratic Union [UDI] President Jovino Novoa recording] A law referring to the cases of missing people would be very convenient. [end recording]

This is the latest of the many proposals designed to end the chapter related to the violation of human rights during the military regime made following the Supreme Court ruling on the Letelier case.

The subject was tackled by the presidents of the Socialist Party [PS] and the Party for Democracy [PPD] after a meeting with Interior Minister Carlos Figueroa at La Moneda Palace.

[Begin PS Chairman Camilo Escalona recording] The UDI's stance has changed radically because, in view of the fact that Novoa admits that there were arrested and missing people in Chile, we would then need a law to force the Army to disclose what happened to those who were arrested or missing. He should say whether he really wants a law that, after admission of the problem of arrested and missing people in Chile, may even overrule the 1978 Amnesty Law. [end recording]

In this regard, PPD Deputy Jorge Schaulsohn said that Jovino Novoa's proposal implies admitting that human rights were, in fact, violated in Chile. He said this means abandoning the theory of an internal war during which those arrested or missing allegedly had been enemies or victims of the war, an allegation making unnecessary investigations to determine their whereabouts.

At the same time, the political inter-ministeral committee held its usual Monday meeting. After reiterating that it expects the Supreme Court ruling on the Letelier case to be fully observed, the government emphasized the need to progressively advance toward a national reconciliation.

[Begin Jose Joaquin Brunner, minister secretary general of government, recording] During the past few days, the opposition has insisted — mistakenly in the government's opinion — that the debate must end hastily in order to make room for concrete political initiatives. In view of the opposition's insistence that, in our opinion, lacks any seriousness and is, above all, demagogic because it seeks to politicize the subject between the opposition and government, I want to reiterate to the people that the government must adopt initiatives. We are not going to adopt hasty measures. [end recording]

As proof that the debate will continue, the Pact Unity for Chile has announced that during the coming weeks it will promote a political initiative regarding the human rights subject that will be known as Agreement for Peace and the Future.

EU Conveys Support Over Court Ruling on Letelier Case

PY0307234995 Santiago EL MERCURIO in Spanish 22 Jul 95 p C3

[FBIS Translated Text] The European Union yesterday conveyed its satisfaction over the full functioning of the Chilean judicial system, in reference to the Letelier case, through a communique issued in Brussels and signed by the representatives of the 15 countries that make up this organization.

The communique was valued by Foreign Minister Jose Miguel Insulza who, although he appreciated this kind of support as well as the support expressed by the Common Market of the South (Mercosur), said that "Chileans are capable of resolving their own problems well. The messages are encouraging, but they are not the most important part of the issue."

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The communique says: "The European Union learned about the ruling of the Chilean Supreme Court on the Letelier case, as well as the confirmation of the prison terms imposed by the courts against General Contreras and Brigadier Espinoza.

"The European Union expresses its satisfaction upon learning that the Chilean judicial system does fully function."

Colombia

Samper Reasserts Authority; Army Denies Rejecting Orders

PA0407035995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 4 Jul 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] The government today reacted to what the media yesterday termed a crisis within the military. Following media reports of a document signed by the Army's commanders questioning the president's orders, President Ernesto Samper today declared in Cartagena de Indias: I am in charge here.

Following are excerpts of the speech in which the president also criticized the guerrilla groups for blocking a peace accord.

[Begin Samper recording] I consider essential the public forces' loyal and unified support for all government policies, but I also understand this support is not incompatible with the sovereign exercise of the Constitutional article that gives the president absolute control of public order. I can sum up this basic authority in layman's terms with five words: I am in charge here. [end recording]

Three hours after President Samper said this — I am in charge here — in Cartagena de Indias, we received two communiques: one from the Armed Forces' commander general and another from the Army commander. Both refer to the contents of the military forces' document on demilitarizing La Uribe.

The first communique, from Armed Forces Commander General Camilo Zuniga, states, and I quote, the Army, Navy, and Air Force have supported, and will continue to support, all of the programs, plans, and decisions adopted by the national government while developing its peace policy. Therefore, they will abide by and carry out the orders and instructions issued by the president of the Republic, unquote.

The second communique, from Army Commander General Harold Bedoya, explains that the document in which the Army discusses the demilitarization of La Uriba is one of an internal and routine nature, adding that it does not have the connotations ascribed to it by the media.

Later, Gen. Bedoya says, quote, the Army commander never implied in the document that there was any question about the president's authority as supreme chief of the public forces, unquote. He adds: The National Army will always respect the decisions adopted by the president.

Nevertheless, a government source told us this afternoon the previous communiques do not fully resolve the crisis, adding that new developments are expected tomorrow regarding this issue.

Contraband Business Moves $2.5 Billion in 1 Year

PA0307191295 Madrid EFE in Spanish 0244 GMT 3 Jul 95

[FBIS Translated Text] Santa Fe de Bogota, 2 Jul (EFE) — The contraband business moved some $2.5 billion in Colombia last year and left profits for more than $2.38 billion, according to national clothing industry estimates released in Santa Fe de Bogota today.

The research was conducted by the Association of Colombian Tailors [Asociacion de Confeccionistas de Colombia — Asconfeccion], and also notes that in 1994 the illegal entry of merchandise caused the Colombian state to lose $952.4 million in tax evasion.

Likewise, it points out that 50 percent of this illegal activity is financed by the drug cartels which thereby launder dollars generated by the international drug trade.

Thirty percent of Colombia's contraband is of the open type, meaning it enters through ports, airports, and highways, and resorts to bribing authorities, the study states.

The report indicates that other 20 percent is the so-called technical contraband, which results from the forgery of documents, customs registry changes, and other modifications in the bureaucracy of importations.

According to Andres de la Espriella, president of Asconfeccion, the contraband business is the most evident symptom of the poor management of the Colombian economy.

"The contraband conscience acquired by our country has a reason behind it: it is a profitable business and under the current circumstances, it is a low-risk, rapid enrichment activity, under which — as it is well known by all — more serious crimes, such as money laundering, are concealed," the Asconfeccion study states.

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The laws of this country do not consider contraband a criminal offense, therefore, it is not punished with prison sentences.

De La Espriella said this illegal activity can only be efficiently fought if is it declared a crime and if all confiscated merchandise is destroyed.

Ecuador

Duran-Ballen To Head Delegation at Menem's Inauguration

PA0407031995 Quito Voz de los Andes in Spanish 2300 GMT 3 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] President Sixto Duran-Ballen will fly to Buenos Aires on Thursday [6 July] to attend the inauguration of Argentine President Carlos Menem. According to the National Communications Secretariat, Duran-Ballen will be accompanied by Industries Minister Jose Vicente Maldonado and delegates from the Foreign Ministry and the Presidency. After attending the swearing-in ceremony, Duran-Ballen will meet with other presidents to discuss bilateral affairs. It has also been reported that he will return on 10 July.

Meanwhile, Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba said he does not rule out the possibility of Ecuadoran and Peruvian officials exchanging views on border problems during Menem's inauguration. It is obvious that presidents, foreign ministers, and members of the delegations in attendance will be close to one another, he said referring to Ecuadoran and Peruvian officials and delegates from the guarantor countries. Nevertheless, he pointed out it is unlikely that officials will discuss the issues in detail, because the nature of the event will preclude it.

Fernandez de Cordoba also predicted that Ecuador, Peru, and the guarantor countries will soon reopen formal negotiations to discuss the dispute between the two countries. He declined to give a firm date, however. He said the two foreign ministries are holding flexible consultations regarding pending issues, such as the commercial opening of the Peruvian border and the definition of the buffer zone in the disputed area.

Duran-Ballen Sees Possibility of Keeping Talks Open

PA0307224295 Quito Voz de los Andes in Spanish 1700 GMT 3 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] President Sixto Duran-Ballen has stressed that there are possibilities of maintaining open talks between the governments of Quito and Lima on their border conflict. In response to a direct question on the likelihood of future talks on the border conflict remaining open, Duran-Ballen pointed out that he believes there are such possibilities. He also noted that there are certain positive signs of advancement in the negotiations.

Referring to the exchange of prisoners, the chief of state stressed that this was an issue that had been under discussion for many weeks and that it had a happy ending, just as Ecuador and Peru were hoping.

Meanwhile, Foreign Relations Minister Galo Leoro said there is an opening in the peace process — an opening that will benefit both sides. Leoro downplayed reports from Lima claiming that Ecuador's Banderas base, which observers from the guarantor countries have recommended including in the area to be demilitarized, is indeed an offensive installation.

I do not know why they are saying these things. I do not know where they are getting this information, the foreign minister asserted, while insisting that Banderas is just another detachment that currently only has 27 men.

Paraguay

President Wasmosy Presents State of Nation Speech

PY0407135595 Asuncion NOTICIAS in Spanish 2 Jul 95 pp 10-13

[Report on speech by Paraguayan President Juan Carlos Wasmosy at a ceremony marking the opening of a new congressional session in Asuncion on 1 July]

[FBIS Translated Text] Addressing Congress, President Juan Carlos Wasmosy dwelt on the issue of corruption.

The head of state said: "I would be committing a grievous sin of omission if — within the framework of the economic reforms I am analyzing — I were to overlook the subject of corruption."

He mentioned that the Paraguayan Central Bank [BCP] affair has damaged the government's credibility and put several aspects of the Paraguayan economy in a tight spot.

He said: "The events we have witnessed over the last few days in our banking and financial systems have confirmed that corruption is a hideous scourge that has deeply contaminated our whole nation."

Later in his address, Wasmosy said the intervention by the BCP in the financial market was an urgent measure the nation needed.

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He added: "Prompted by the need to protect the financial system in general, and the interest of savers in particular, the BCP decided to place three commercial banks and a savings and loan company under trusteeship when it objectively verified that their liquidity problems were worsening."

The executive head of state said the anti-corruption measures pursued by his administration were partially instrumental in controlling the negative effects of the "affair."

He said: "Thanks to the measures we adopted, we have focused on a few banking establishments and have isolated them from the system. We thus prevented any negative effects the situation of the banks placed under trusteeship might have had on the entire system."

Wasmosy added that his administration took immediate action as soon as it learned about the irregular situations at several banking establishments.

He said: "Information collected right before — and especially after — placing the three banks under trusteeship has provided clear indications of irregular situations in the management of the said banks. [no closing quotation marks as published]

The president added that it was his administration that took the cases which have now became public property to court.

"The Paraguayan justice, once alerted to these irregularities, reacted with alacrity by taking the measures that are now public knowledge," he pointed out.

During his state of the nation address, the president said the government had no alternative but to assume the reins of the BCP.

Wasmosy explained: "The intervention of the BCP in the financial system was absolutely necessary to put such a vital sector of our economy on firm footing again. The cost of this endeavor, which will be defrayed by the state, will be amply justified through the benefits of a more efficient, solvent, and professional financial system in our country."

The head of state acknowledged that the generalized corruption raging through Paraguay is no longer a characteristic of the public administration, but has spread to private companies as well.

He stressed: "The new and painful lesson we have learned from these events is that corruption is a vice that not only erodes the public administration, it has for a long time been invading private businesses and vast sectors of our society."

"Without looking for some unfounded excuse or foolish consolation in this state of affairs, I mention it so that we can value the huge and generalized effort the struggle against corruption exacts from the government," he added.

The president devoted part of his state of the nation address to discuss charges of corruption leveled against some of his relatives.

Wasmosy said: "I would like to reiterate before this honorable Congress that I have not faltered nor will I bow to ties of kinship or friendship, or be affected by any threats, in my conviction and firm and unyielding decision to use the full force of the law on those who have been or are guilty of crimes against state patrimony or the legal authority, which constitute a vile affront to our people."

Closing the chapter on corruption, the president underlined the measures which, in his view, will help industry, commerce, and banking to combat corruption.

He said: "Given the exemplary value of the penalties to be meted out to those responsible for those crimes, I call upon all branches of government, public opinion, and social and political sectors to give the government your unfailing support and endorsement to this ongoing and implacable moralizing campaign."

One of the most salient portions of the state of the nation address Wasmosy delivered to Congress on 1 July was devoted to social questions. The president conceded that, in line with international reports, poverty is becoming more widespread in Paraguay. This is the first official acknowledgement by the head of state despite the fact that the opposition has repeatedly mentioned it.

Wasmosy said: "The only serious failing international organizations and multilateral credit organizations find in our administration is the destitution in which important sectors of our population live."

Later in his speech, the head of state said that a realistic attitude toward this situation is to come to grips with it.

"We can neither take our time over this problem nor delay its solution. We must seek a remedy for historical deficiencies and neglect accumulated over decades of social injustice and inequity, and it must be recalled that large numbers of people with the same rights and expectations join the ranks of the have-nots year after year."

In closing the chapter on social problems, the president said that to combat poverty, his administration is undertaking some projects that are in keeping with the

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guidelines resulting from the Copenhagen summit on social issues held in March 1995 "so that the struggle against poverty will be furthered within the framework of the great crusade all nations have pledged to jointly champion."

As for the chapter on public security, the head of state pointed out that under his administration, the blows dealt to drug traffickers made them lose millions of dollars. He also recalled that many police engaged in the fight against crime lost their lives in the line of duty.

Wasmosy said: "At times criminals' persistent onslaught against citizens leads one to think that democracy and the rule of law are either too feeble or too incompetent to protect individual and collective interests. Besides, there are always those who long for authoritarianism, revealing, in their naivete, an attitude that we should leave behind."

He stated, moreover, that "during the past year, the National Police have lost 20 officers and noncommissioned officers, who fell in the struggle against crime. The number of wounded police exceeds 40, 12 of whom are in serious condition."

Wasmosy added: "Drug trafficking, one of the most frightening scourges in modern times, has encountered, in the action undertaken by governments, a formidable obstacle to its ability to prosper."

To illustrate his point the head of state gave some figures: "Figures eloquently show how efficacious drug enforcement has been, as it was instrumental in making drug traffickers lose 131,340,693,680 guaranies, which, converted into dollars, amounts to $67,463,468.55.

In his speech before Congress, the president announced that the National Police will soon receive new equipment to combat corruption.

The president said the country's institutionalization process was based on three pillars. Wasmosy said this process seeks to clean up procedures; incorporate clarity and honesty; and sow justice, equality, participation, and supervision where sectarianism, arbitrariness, exclusivism, impunity, and authoritarianism prevailed in the past.

"Today I can say, with absolute conviction, that the people support this strategy and government instrument," the president said before giving details on the institutionalization's "pillars."

Apocalyptical Perspectives

Wasmosy said all obstacles in the path of the judicial branch reorganization were removed, which cleared the way for one of the most revolutionary, promising, and exiting experiences in the country's institutionalization and democratic consolidation process. This process will permit the consolidation of an independent, responsible, and capable judicial branch, which has already started functioning with firmness.

The president said there was an agreement on a framework to strengthen public forces' institutionalization, which he characterized as a critical issue, adding that many weak-spirited persons predicted that in order to reach the agreement, we needed to make unsustainable concessions creating apocalyptical perspectives.

The third pillar had to do with social problems. The president said the government, political parties, social groups, labor and peasant unions, the Church, and other groups discussed jointly the great issues concerning us all, always with the broadest mindset and the collective will to implement the best possible formula that a democracy can offer to solve conflicts and problems.

"The path already traversed is strewn with fertile achievements. Our fellow countrymen, other countries in the world, and international organizations see us today as a country on its way toward full democracy," Wasmosy said.

The president of the Republic expressed the belief that the military's acceptance of its new historic and social situation and circumstances is a one-way street. He said the Armed Forces are fully conscious of their duty to orderly, fully, and decisively join the process of transition to democracy.

Their new role is based on a very new ideological and structural dimension, which starts from the recognition of an updated strategic function — the government is working on the Armed Forces reorganization — and the need to rationalize resources and seek the professionalization of military personnel.

According to Wasmosy, there is a clear purpose of achieving an institutionalized system of efficient defense, not subject to improvisations, and committed to the consolidation of the democratic process and the strengthening of the state of law.

"Our fellow military personnel are fully conscious of the changes in all areas of our society and the new attitude needed to fulfill their duties," the president stressed.

Defense of Legal Authorities

The nation's Armed Forces, in compliance with their constitutional function and following their commander in chief's instructions, currently guard our territorial integrity and are ready to defend our legally elected authorities, the president stressed.

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Wasmosy said the military institution, conscious of this developing nation's needs and limitations, provided humanitarian and social cooperation and helped in our civil defense in cases of national emergencies, in the settling of peasants, and in our drug enforcement efforts.

The president talked about justice in our country, although not as broadly as necessary.

Wasmosy outlined some initiatives in this field, stressing that the government, in accordance with his government program goal to seek "justice for all," submitted to Congress the new Penal Code.

"The draft bill, which is inspired by the most modern penal conceptions and based on the best legislation available after comparison, will constitute the basis for reforming our old penal system," the president said.

Wasmosy recalled that the justice system's reorganization started with the creation of the Council of Magistrates, which was followed by the integration of the new Supreme Court, the Superior Electoral Court, and the designation of the attorney general.

"Today we are paying the price for delaying the approval of a legal framework for our electoral supervision system," Wasmosy said in his message.

He spoke in the plural; he did not mean to make a "mea culpa," but rather directed a clear reference to Congress, which must still pass the bill.

The problem, however, will not be solved this way. The president urged opposition leaders, through their representatives in the intra-party negotiating board, to assume the unavoidable commitment to abstain from making decisions that might affect the electoral schedule, because this schedule derives from the Constitution and the law.

"If we are really sincere when we openly state that we will continue to defend the constitutional regime, the state of law, and the institutions we were elected to represent, we will not set aside the electoral schedule," Wasmosy argued.

Historic Mistake

The desire to compromise must continue, the president said, adding that the agreement must, above all, be within the framework of our institutions. Wasmosy warned: If we abandon this framework, we would be setting a precedent that all democratic groups in Paraguay might live to regret.

Within the same context, the president asked all groups to guarantee clean and honest elections, avoiding the historic mistake of altering the electoral schedule agreed upon in and through the Constitution and the laws.

"Let us look for guaranteed, urgent, and consensual solutions, but within the framework of the law and the context of the Constitution," Wasmosy said, sounding almost as if he were imploring.

Stressed Consensus

Setting aside continuous Colorado Party criticism, President Wasmosy stressed that he had striven for dialogue and consensus with the opposition from the start of his administration.

He even went further when indicating that those two aspects were at the root of all his government actions, publicly recognizing, to the distress of Blas N. Riquelme and Luis Maria Argana, who always talk about Wasmosy's pact with the opposition, the attitude of political leaders "who, up to this historic moment, have been willing, and have known how, to approach this government, not precisely seeking canonries, but to maintain a responsible, active, and mature dialogue on the greater national problems."

Wasmosy explained that such an attitude went beyond the mere willingness to talk, adding that it moved through the path of agreements and coincidences preventing government actions from becoming the mere isolated, fortunate, messianic acts of solitary and arrogant rulers who pretend to impose their solutions over the population and other representatives' opinions.

"My government had the honesty and wisdom not only of accepting this participation, but of calling on it and encouraging it as an exercise that has become routine, and for which we feel the highest respect and fondness," the president said.

The president announced that the Itaipu Binational Entity's Annex A is going to be amended and that a draft bill on electricity will be submitted to Congress soon.

"We started the studies to elaborate a bill on electricity. We started negotiating with Brazil a new Annex A for the Itaipu Binational Entity Regulations," the president said.

Wasmosy also mentioned the binational entity that is being built between Paraguay and Argentina. Wasmosy said there is a plan to operate certain parts of the work through concessions.

Yacyreta and Corpus

"We are carrying out studies with Argentina for an eventual Yacyreta works and service operation through concessions," the president said.

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"With respect to Corpus, President Carlos Menem and I have decided to instruct our respective foreign ministries to conclude the Corpus Treaty within a period of 90 days and then open an international bidding of the public works concession type to build it," the president said.

Privatizations

One of the main points of the official message yesterday was the item on privatization of public companies.

Wasmosy said: "This plan provides for the gradual reduction of the state's size in order to adapt it to the country's needs."

We must point out that Wasmosy's privatization plan is strongly resisted by large groups within the Colorado Party.

Commanders, Vice President Deny Unrest in Armed Forces

PY0307181295 Asuncion NOTICIAS in Spanish 2 Jul 95 p 4

[FBIS Translated Text] Regarding possible unrest within the Armed Forces due to the work of Congress, and a possible rupture of the process, General Lino Cesar Oviedo — the Army commander in chief — stated that no one has made any such comment in the Army.

"We carry out the orders of the commander in chief [President Juan Carlos Wasmosy] because we are under his command. He decides what is to be done and we commanders carry out his orders. I can assure you there is no crisis at this time," the military officer said just after the president concluded his speech to Congress.

Oviedo indicated that if the president decides to crack down on corruption "we will support him so we can get rid of that terrible scourge." He reiterated that the Armed Forces will support the commander in chief in all his actions and continue to do so because that is what is written in military law.

It seems this controversial military man does not attach much importance to the position of the National Encounter Party, which asked the commander in chief to retire this enigmatic officer. Oviedo said the request by these politicians goes no further than pure wishful thinking because the commander in chief decides within the Armed Forces and no where else.

Oviedo said: "If [National Encounter President] Guillermo Caballero Vargas were the commander then I would explain my position to him, but he is not and therefore has no power over me and even less reason to call for my retirement. Anyone can ask, but the commander in chief makes the final decision regarding who goes and who stays."

Regarding alleged unrest, Oviedo insisted that no one seeks to destabilize the process. He said: "We support the task of the president because we believe he is working to institutionalize the Armed Forces, and that is precisely the objective."

General Silvio Rafael Noguera, commander of the Military Forces, agreed with his colleagues when he said an alleged mobilization due to unrest does not exist within the Armed Forces, especially regarding Congress and its task of restructuring the Armed Forces.

Noguera said: "The Armed Forces are carrying out their role." He stressed that, under their commander in chief, the Armed Forces are being institutionalized. He said: "We believe today the commander in chief outlined the exact task of the Armed Forces and we are willing to continue to support him for the good of all Paraguayans." He thus referred to President Wasmosy's address to Congress.

On the task of congressmen, Noguera denied the possibility of unrest within the Armed Forces due to the task of congressmen. He said: "They are working, carrying out the task assigned to them in accordance with their possibilities."

He categorically denied that there is unrest within the Armed Forces. He asked journalists to report the source of any destabilization "because we know nothing about it."

Vice Admiral Ramon Legal Basualdo [liaison between the Armed Forces and Congress] expressed surprise when asked about alleged unrest within the Armed Forces and indicated that no one within the Armed Forces has spoken of a mobilization, especially because this process is being implemented with the sacrifice and devotion of President Wasmosy, helped by all congressmen, who are working within their possibilities because everyone knows they have a lot of work.

He said no one is discontent with what congressmen are doing. He said: "We know they are very occupied, but are carrying out their job on schedule so that all our institutions function properly."

Regarding the reorganization of the Armed Forces, he said: "Congress is fully studying that matter. The congressmen must decide. I only cooperate with them. You can see I have no problem with them. They always receive me well and we study the topic within our respective possibilities," he said.

Finally, he stated the topic is being studied within the time available. He concluded: "We know congressmen

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are working normally. We cannot demand more than can be given, but we are awaiting a definition on matters that pertain to the Armed Forces."

Agreeing with what was said by the military chiefs about alleged unrest within the Armed Forces that could lead to a mobilization to rupture the process, Vice President Angel Roberto Seifart indicated that there is no possibility now [of a rupture].

The vice president stated: I do not know where that information comes from because I know the Armed Forces support the process. There is no unrest and even less is there an attempt to rupture the process. He also stressed that relations between the commander in chief and the commanders of the Armed Forces are optimum and no one is thinking about rupturing the current democratic process.

Senator Casabianca Elected Congress President

PY0407231595 Asuncion ABC COLOR in Spanish 30 Jun 95 p 16

[FBIS Translated Excerpt] Senator Milciades Rafael Casabianca has been elected new Senate president, and consequently president of Congress, for the 1995-1996 period. He received 26 votes. The National Encounter Party [PEN] legislator was supported by the Liberal [Authentic Radical Liberal Party, PLRA] bloc and by six of the seven senators of his own bloc. PEN Senator Basilio Nikiphoroff and Febrerista [Febrerista Revolutionary Party] Senator Victor Sanchez Villagra abstained.

Senators from the so-called "Oviedo-Arganaist" bloc [supporters of General Lino Cesar Oviedo and Luis Maria Argana] set the tone for the session, walking out of the hall in protest over what they called their "systematic exclusion." [passage omitted]

The session continued and the senators elected Senator Rodrigo Campos Cervera as first vice president. Campos Cervera was the only candidate who obtained the vote of all senators present. A total of 28 senators voted for him.

Senator Juan Carlos Galaverna [Colorado Party] was reelected as second vice president. Basilio Nikiphoroff and Miguel Abdon Saguier abstained on this occasion. [passage omitted]

Venezuela

Finance Minister Presents 1996 Budget Proposal to Congress

PA3006135095 Caracas EL UNIVERSAL in Spanish 29 Jun 95 Section 1 p 13

[Report by Mario Beroes; comments by Finance Minister Matos Azocar published in italics]

[FBIS Translated Text] A 3.44 billion bolivare budget blueprint described as "temporary and anti-inflationary" has been presented by the finance minister to the Chamber of Deputies of the Congress of the Republic.

Finance Minister Luis Matos Azocar said this proposal "constitutes a fundamental commitment by the national government, together with various sectors of the country, to fight inflation."

The public spending austerity we recommended in this proposal, together with domestic fiscal sources of financing, is a guarantee of a discipline that will alleviate the impact of overall fiscal demand, as well as a primary expansion of the money supply.

In a speech to the Chamber of Deputies, Matos Azocar said overall domestic fiscal demand will decline significantly in 1996 from 1995 levels, dropping from 5.70 percent to 2.7 percent as a proportion of GDP.

The finance minister noted that if the government's anti-inflationary effort is combined with a serious commitment to struggle against speculation and to promote productivity in the private sector, then the battle against inflation will have been won by 1996. This also will return us to the path of stability, and the tangible reactivation of the national economy will be secured.

Matos Azocar announced that within the next few days he will be presenting a basic document before Congress that will include a new fiscal policy that includes the establishment of a Stabilization Fund, as well as other proposals to introduce spending discipline. The goal is that, when debate resumes, Congress, together with the executive branch, will be able to address the structural problems anticipated in the 1996 budget.

The amending of all basic ingredients is the only way in which we will be able to prevent any irreparable fluctuations between surplus and deficit.

It is impossible for the budget of a nation to reach the level of our budget while remaining so inflexible. More than 60 percent of revenues have already been committed, while the government has only been able to disburse approximately 900 billion bolivares from this economic policy instrument.

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Matos Azocar pointed out to the deputies that this was the reason he proposed the establishment of a Fiscal Stabilization Fund under which, as revenues are received, priority status is given to debt repayment, overdue wage adjustment obligations by the executive branch, and other priority programs.

In addition, the finance minister believes there is a need to reevaluate the Public Finance Law and the Budget Law to incorporate structural changes that will allow expenditures to automatically increase as revenues increase.

Congress Sanctions Financial Emergency Law

PA0107000095 Caracas Venezolana de Television Network in Spanish 1550 GMT 30 Jun 95

[From "The News" newscast]

[FBIS Translated Text] The National Congress has sanctioned one of the laws that the national executive branch was expecting to restore constitutional guarantees, with the votes of the political factions of National Convergence, Movement Toward Socialism, AD [Democratic Action], Copei [Social Christian Party], and part of the Radical Cause votes. Fernando Porte filed this report:

[Begin recording] [Porte] The Financial Emergency Law was sanctioned after an exhausting and lengthy session of the upper and lower houses. There were many hours of analysis and discussion. The Financial Emergency Law was drafted to clearly define the duties of organizations that are responsible for bringing about the recovery of the financial system. Among others, it will try to find a solution to Fogade's [Deposit Guarantee and Banking Protection Fund] debt with the Central Bank. Nearly 30 articles of the law elicited various views, but a consensus was reached in the end.

[AD Deputy Luis Carlos Serra Carmona] The law will come into force as soon as the president signs it. We hope that the guarantees will be immediately restored.

[Copei Deputy Ramon Guillermo Aveledo] In the end there were evident transactions and concessions that brought about an instrument that is quite good; that protects the public assets without trampling the rights of Venezuelans.

[Porte] This legal instrument allows the issuance of resolutions to seize property that is part of the assets of a bank or financial institution facing a delicate situation.

[National Convergence Deputy Jose Miguel Uzcategui] The political willingness of the parties to approve a suitable instrument to allow the executive branch to act diligently, opportunely, and sufficiently in the financial emergency was reflected here.

[Democratic Convergence Deputy Gustavo Marquez] There is an effort to turn this law into a permanent one, when we know well that it is a temporary law that should address only the needs of the financial emergency and not other issues.

[Radical Cause Deputy Rosmario Izea] We are pleased with this temporary measure to solve the problem facing depositors of the eight intervened-in banks. [end recording]

Fedecamaras President Calls Fiscal Situation 'Serious'

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[From "The News" newscast]

[FBIS Translated Text] The 30-day deadline for signing the anti-inflation pact has passed, and, according to Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry], the Venezuelan Government has two options: rectify or collapse. Meanwhile, Development Minister Werner Corrales called a meeting for 3 July during which he is expected to extend the deadline for signing the anti-inflation pact.

Fedecamaras is pessimistic and blames the government for postponing the signing of the anti-inflation pact, because it evaded its pledge to devaluate the currency, to increase gasoline and food prices, and to reduce the fiscal deficit to 4 percent.

Fedecamaras President Edgardo Romero Nava said estimates indicate the inflation rate will be 70 percent by the end of 1995 and, most alarming of all, the gross domestic product will decrease if the anti-inflation pact is not signed. Romero Nava said the executive branch is afraid to implement the economic measures because of the political costs involved:

[Begin Romero recording] The fiscal situation is serious, and strong measures will be required in order to reform it. Weak measures will not work. Those who keep saying nothing is happening will simply see how the crisis worsens, how the depression continues, how unemployment increases, and how the Venezuelans' purchasing power decreases. [end recording]

Caldera Promises To Restore Six Suspended Guarantees

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[FBIS Translated Text] Caracas, 30 Jun (AFP) — Addressing reporters on 30 June in Caracas, Venezuelan

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President Rafael Caldera promised to restore "very soon" the six constitutional guarantees the government suspended a year ago.

Caldera had pledged that the constitutional guarantees of freedom, the inviolability of the home, freedom of movement and property, expropriation only for public utility and with compensation, and the right to engage in any profitable activity would be restored once Congress approved three financial laws presented by his administration.

Caldera said "as soon as the Financial Emergency Law (the last of the three laws, approved by Congress yesterday) is promulgated, the constitutional guarantees will be restored." He said this would be "very soon," maybe "by early next week."

The other two laws, which have already been approved, are the Exchange System Law and the Consumer Protection Law.

The six constitutional guarantees were suspended on 27 June 1994 under the argument that this would contribute to the persecution of corrupt bankers who reduced to bankruptcy more than 50 percent of the financial sector's assets.

Human rights organizations have criticized the suspension, however, alleging it has become a type of "carte blanche" for abuses by the security bodies and various economists and businessmen who have hindered the arrival of foreign investment.

Concurrent with the suspension of constitutional guarantees, Caldera decreed strict foreign currency exchange controls with the sole parity of 170 bolivares per dollar and price controls on a dozen basic commodities.

Brazil's Cardoso Meets With Caldera; Agreements Signed

PA0407192595 Caracas Venezolana de Television Network in Spanish 1550 GMT 4 Jul 95

[Report by Pedro Prado from "The News" newscast]

[FBIS Translated Text] The integration between Brazil and Venezuela is advancing at a good pace, an example of which is the agreements signed at Miraflores Palace today. Pedro Prado reports from Miraflores:

[Prado] Brazil and Venezuela have brought their ties of cooperation and trade closer. During the first day of his official visit to the country, Brazilian President Fernando Henrique Cardoso went to the National Monument early this morning to place a wreath on the tomb of Simon Bolivar.

At 0930, he came to Miraflores Palace where he met privately with President Caldera. Immediately after, representatives from both nations began the meetings for the agreements that were just signed. These agreements are limited to specific areas, the most important of which is a partnership between Petrobras and Venezuelan Petroleum for projects of common interest. This agreement also creates Petro- America, a hydrocarbons consortium with great plans in this sector at the continent level.

The agreements also include cooperation in such areas as the environment, the mining sector, the efforts to fight illegal mining, transportation, border trade, health, particularly in the area of epidemiology, planning, and research.

Italian Leader's Visit Linked to Import Accord

PA0407220895 Caracas EL UNIVERSAL in Spanish 2 Jul 95 Section 2 p 1

[Report by Clodovaldo Hernandez]

[FBIS Translated Text] President Oscar Luigi Scalfaro's visit continued a tradition of recent years in bilateral relations, a tradition characterized by a great deal of friendship and few results. However, it is expected that the repeated expressions of goodwill will speed up negotiations for an agreement to promote and protect investment.

Yesterday, Venezuelan Government authorities bade farewell to the Italian president with the hope that the entry of orimulsion into the energy market of that European country will help to effectively balance trade, which shows negative results for Venezuela.

Scalfaro returned to Rome after spending at least 48 hours in Venezuela on a visit that was more symbolic than diplomatic. It was a visit with no specific results in the area of bilateral agreements. However, it could help speed up pending negotiations on technical and political aspects.

During Scalfaro's brief stay in Venezuela, a decree was issued by the Energy Ministry in Italy paving the way for the entry of orimulsion into that market. Orimulsion is a fuel of exclusive Venezuelan technology. It is capable of replacing coal and other hydrocarbons in the generation of electric energy.

The need for Italian authorities to approve the decree was stressed by Foreign Minister Miguel Angel Burelli Rivas during a meeting with his Italian counterpart Susana Agnelli, within the framework of President Caldera's visit to Rome in May.

The orimulsion purchases for thermoelectric use will be made by ENEL, the Italian electric energy agency.

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Italy imports 80 percent of the primary energy used for the production of electricity. For this reason, the government as well as ENEL have outlined a policy of diversification of supply sources. The new Venezuelan product fits in very well within this policy.

In 1994, Italian exports to Venezuela amounted to $373 million, while imports from Venezuela only reached $130 million. The negative balance amounts to $243 million, according to the Venezuelan Embassy in Rome.

Despite this adverse balance, the same source says that lately the flow of nontraditional Venezuelan exports to Italy has improved thanks to important sales of aluminum, fresh fish, and fruit.

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